



SACHI A. HAMAI  
Interim Chief Executive Officer

County of Los Angeles  
**CHIEF EXECUTIVE OFFICE**

Kenneth Hahn Hall of Administration  
500 West Temple Street, Room 713, Los Angeles, California 90012  
(213) 974-1101  
<http://ceo.lacounty.gov>

*"To Enrich Lives Through Effective And Caring Service"*

Board of Supervisors  
HILDA L. SOLIS  
First District

MARK RIDLEY-THOMAS  
Second District

SHEILA KUEHL  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

May 12, 2015

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

22 May 12, 2015

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

  
PATRICK OGAWA  
ACTING EXECUTIVE OFFICER

**TAXING ENTITY COMPENSATION AGREEMENT WITH THE COUNTY OF LOS ANGELES AND  
APPROPRIATION ADJUSTMENT  
(ALL DISTRICTS) (3 VOTES)**

**SUBJECT**

Recommendation to approve a Compensation Agreement between the County of Los Angeles and all of the affected taxing entities for the transfer of properties within the former Willowbrook Redevelopment Project Area, and approve the associated appropriation adjustment.

**IT IS RECOMMENDED THAT THE BOARD:**

1. Approve a Compensation Agreement with all of the affected taxing entities for the transfer of properties in the Willowbrook Redevelopment Project Area in accordance with Redevelopment Dissolution Law, and approve the attached appropriation adjustment to transfer \$72,000 from the Provisional Financing Uses budget unit to fully fund the distribution to the affected taxing entities.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The former redevelopment agency of the County of Los Angeles (former RDA) was dissolved on June 28, 2011 after the Governor signed into law ABx1 26 which dissolved redevelopment agencies, and after a California Supreme Court ruling, all redevelopment agencies (RDAs) in California were dissolved on February 1, 2012 (Redevelopment Dissolution Law).

While redevelopment was active, the former RDA administered the Willowbrook Redevelopment Project Area and acquired properties there for redevelopment projects. Redevelopment Dissolution Law required that each successor agency in the State prepare a Long Range Property Management

Plan (LRPMP) describing properties owned by its respective former RDA and plans for their disposition.

On February 2, 2015, the California Department of Finance (DoF) approved the Successor Agency's LRPMP. The LRPMP addressed eleven parcels on the corner of 118th Street and Wilmington Avenue in Willowbrook that were originally purchased in whole or in part with redevelopment tax increment funding. (Assessor Parcel Numbers 6149016901, 6149016902, 6149016903, 6149016904, 6149016905, 6149016907, 6149016908, 6149016909, 6149016910, 6149016911, 6149016912) (RDA Parcels). The LRPMP directed that the RDA Parcels be retained (by the County) for redevelopment purposes, specifically, a mixed-use transit-oriented development project and a County of Los Angeles Public Library (Project).

The Project is a new construction mixed-use development that will bring needed improvements to the Willowbrook community. The Project will feature 105 affordable senior housing units situated above a new 8,000 square foot County of Los Angeles Public Library. Because of the Project's prime location within an existing transit-oriented district, adjacent to a Metro Light Rail station and the 105 Freeway, it is anticipated to be a gateway project for the community.

### **FISCAL IMPACT/FINANCING**

According to an appraised value accepted by the DoF, the value of all of the parcels included in the Project is estimated at \$1.1 million (see Attachment IV). However, not all of the parcels were purchased by the former RDA using property tax increment. The value of the RDA parcels is \$671,375.88, which will be distributed to all of the taxing entities including the Compton Unified School District, County Fire Districts, the County Lighting District, the Firestone Garbage Disposal District, the County Library, El Camino Community College, and the Sanitation District (see Attachment III). There is \$600,000 set aside for the project, and an additional \$72,000 will be transferred through the attached budget adjustment (see Attachment II) to fund the \$671,375.88 distribution to the taxing entities.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

According to Redevelopment Dissolution Law, a successor agency is required to dispose of all formerly agency-owned property and distribute the proceeds to the taxing entities. An exception is made if the successor agency wishes to transfer the property to the city or county that formed the RDA for future development. In that case, a compensation agreement with the taxing entities is required (see Attachment I). According to the DoF, "If the LRPMP proposes to sell or transfer the property to the city or county that created the RDA, then HSC section 34180 (f) requires that the city or county reach a compensation agreement with the affected taxing entities."

Section 34180 (f)(1): "If a city, county, or city and county wishes to retain any properties or other assets for future redevelopment activities, funded from its own funds and under its own auspices, it must reach a compensation agreement with the other taxing entities to provide payments to them in proportion to their shares of the base property tax, as determined pursuant to Section 34188, for the value of the property retained."

Upon execution of the Agreement by the County and the affected taxing entities, the Agreement will be reviewed by the Oversight Board and subsequently sent to the Department of Finance for potential review within 5 to 40 days thereafter.

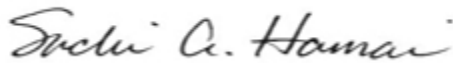
**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

There is no known impact on current services and programs as a result of this action.

**CONCLUSION**

At such time as your Board approves the attached Compensation Agreement on page 6, please return an original copy to the Chief Executive Office, who will assist in distributing those copies to the non-County taxing entities.

Respectfully submitted,



SACHI A. HAMAI  
Interim Chief Executive Officer

SAH:JJ:SK:RM:ib

Enclosures

c: Executive Office, Board of Supervisors  
County Counsel  
Auditor-Controller

# ATTACHMENT I

## AGREEMENT FOR TAXING ENTITY COMPENSATION

This Agreement for Taxing Entity Compensation ("**Agreement**"), dated for reference purposes as of May 12, 2015, is entered into by and between the County of Los Angeles ("**County**"), a political subdivision of the State of California, the Districts of which it shares the same governing board as the County ("**County Controlled Entities**") and the independent Affected Taxing Entities ("**ATEs**") listed in Section 2 of this Agreement (collectively, the "**Parties**").

### RECITALS

A. Pursuant to Assembly Bill x1 26, effective February 1, 2012, the Redevelopment Agency of the County of Los Angeles ("**Redevelopment Agency**") was dissolved, and pursuant to California Health and Safety Code Section 34173, the County assumed the capacity of the Successor Agency to the dissolved Redevelopment Agency ("**Successor Agency**").

B. The County has requested of the Successor Agency that certain real properties located within the County of Los Angeles and more specifically identified as 11732 Bandera Ave., Los Angeles, California 90059 and 11754-6 Holmes Ave., Los Angeles, California 90059 (collectively the "**Properties**") be retained by the County for future redevelopment activities pursuant to California Health and Safety Code Section 34180(f).

C. The Successor Agency submitted to the State Department of Finance ("**DOF**") a proposed Long Range Property Management Plan ("**LRPMP**") pursuant to Health and Safety Code Section 34191.5(b) for DOF review and approval. DOF formally approved said LRPMP on February 2, 2015. Said LRPMP includes the Properties cited above and intends that the County shall retain said parcels for future development as authorized by Health and Safety Code Section 34180.

D. Pursuant to Health and Safety Code Section 34180(f), the Successor Agency procured the services of an independent appraiser to establish the value of the Properties. The County now seeks to negotiate and enter into the statutorily-mandated taxing entity compensation agreement with the ATEs operating and/or located within the Willowbrook Project Area ("**Project Area**") based upon the value established for the Properties provided for in that certain appraisal report dated June 4, 2012 performed by Ben F. Tunnell III and John J. Griffey of BTI Appraisal ("**Appraisal Report**"), a copy of which is attached to this Agreement and is referenced in the May 12, 2015 Board Letter as Attachment "IV".

E. The purpose of this Agreement is to provide for the payment of certain sales proceeds payable by the County to the ATEs upon the conveyance and transfer of the Properties by the Successor Agency to the County for future redevelopment and the subsequent distribution of the sales proceeds by the County on behalf of itself and certain related affiliated special districts and/or public entities of the County sharing the same governing board as well as independent ATEs pursuant to Health and Safety Code Sections 34180(f) and 34188.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

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## AGREEMENT

1. Incorporation of Recitals. This Agreement is executed with reference to the facts set forth in the foregoing Recitals, which are incorporated into this Agreement by this reference.

2. Entities Entering Into this Agreement. The County, on behalf of itself, certain related and affiliated special districts and/or public entities sharing the same governing board as the County ("**County Controlled Entities**"), and independent ATEs specifically identified by Auditor-Controller Fund Number ("**No.**") as well as by the Fund Name provided below hereby enter into and execute this Agreement:

- A. Fund No. 105, Los Angeles County General Fund
- B. Fund No. 120, Los Angeles County General Fund
- C. Fund No. 301, Los Angeles County Library
- D. Fund No. 510, Road District #2
- E. Fund No. 1940, County Lighting Maintenance District No. 1687
- F. Fund No. 40015, County School Services
- G. Fund No. 40021, Children's Institution Tuition Fund
- H. Fund No. 730, Consolidated Fire Protection District
- I. Fund No. 731, County Fire Roster and Fire Warden
- J. Fund No. 3010, County Flood Control District
- K. Fund No. 3070, County Flood Control Maintenance
- L. Fund No. 3360, Firestone Garbage Disposal District
- M. Fund No. 6180, Greater L.A. County Vector Control
- N. Fund No. 6605, County Sanitation District No. 1 Operating
- O. Fund No. 35090, Water Replenishment District of Southern California
- P. Fund No. 40000, Educational Revenue Augmentation Fund
- Q. Fund No. 40001, Educational Revenue Augmentation Fund Impound
- R. Fund No. 79304, Compton Community College District
- S. Fund No. 79320, Children's Center Fund, Compton Community College District
- T. Fund No. 84503, Compton Unified School District
- U. Fund No. 84506, County School Service Fund-Compton
- V. Fund No. 84507, Development Center Handicapped Minor-Compton
- W. Fund No. 84520, Compton Children's Center Fund

3. Properties to be Conveyed for Future Redevelopment. Consistent with the requirements of Health and Safety Code Section 34180(f), the Properties will be conveyed and transferred by the Successor Agency to the County for future redevelopment activities implemented by the County consistent with the LRPMP, the Redevelopment Plan adopted for the Project Area, and the Implementation Plans adopted in connection with the Redevelopment Plan (all of the foregoing, collectively the "**Plans**"). Consideration and funding for the subject conveyance and transfer of the Properties shall be accomplished with County funds under its own auspices, and shall be payable to the ATEs in proportion to their respective shares of the base property tax of the value of the Properties which shall constitute and represent the sales price payable by the County for the Properties (the "**Sales Price**"). It is further understood and agreed that the County and County Controlled Entities shall be credited with their respective shares of the Sales Price proceeds by the Los Angeles County Auditor-Controller ("**Auditor-Controller**").

4. Compensation Arrangement and Payment to County. The County agrees that, consistent with Health and Safety Code Section 34180(f), and upon conveyance of fee title to the Properties to the County by the Successor Agency and its retention of the Properties as a result of such conveyance, the County will transfer to the Auditor-Controller proceeds equaling the amount of the Sales Price (the "**Sales Proceeds**") needed for distribution to the independent ATEs in accordance with their respective pro rata share of the property tax base for the Properties as set forth in Health and Safety Code Sections 34180 and 34188.

5. Appraisal Report and Value of Properties. The County acknowledges receipt of the Appraisal Report from the Successor Agency on January 20, 2015 establishing the current appraised value of the Properties as Six Hundred and Seventy-One Thousand, Three Hundred Seventy-Five Dollars and Eighty-Eight Cents (\$671,375.88) and further understands that Health and Safety Code Section 34180(f)(2) authorizes the Oversight Board (the "**Oversight Board**"), acting pursuant to Health and Safety Code Section 34179, to conduct its own appraisal by an independent appraiser to establish the fair market value of the Properties as of the 2011 property tax lien date, should it be necessary. In the event the Oversight Board is required to establish the fair market value of the Properties pursuant to Health and Safety Code Section 34180(f)(2), such determination will be binding on the Parties and shall constitute the Sales Price for the Properties payable by the County for purposes of this Agreement.

The \$671,375.88 represents a pro rata share of the appraised value of the entire project site (appraised at \$1.1 million) that was originally purchased using redevelopment tax increment funds derived from the taxing entities. The Oversight Board and the DOF have accepted this valuation as part of the LRPMP approval process. The remainder of the project site, valued at \$428,624.12 in the appraisal, was purchased by the County with non-redevelopment funds and is not subject to this Agreement.

6. Calculation and Payment of Sales Price. The Parties acknowledge and agree that the Sales Price for the Properties is Six Hundred and Seventy-One Thousand, Three Hundred Seventy-Five Dollars and Eighty-Eight Cents (\$671,375.88); pursuant to which the County shall remit to the Auditor-Controller the Sales Proceeds (the "**Compensation Payment**") concurrently with the close of escrow conveying and transferring fee title of the Properties to the County by the Successor Agency pursuant to that certain purchase and sale agreement entered into by the Parties and approved by the Oversight Board and DOF. Within thirty (30) days of the Auditor-Controller's receipt of the Compensation Payment, the Auditor-Controller shall distribute the Compensation Payment to the fund accounts listed in Section 2 of this Agreement according to the payment schedule a copy of which is attached to this Agreement and is referenced in the May 12, 2015 Board Letter as Attachment "III".

6.1. The Parties hereby agree and represent that the payment(s) made pursuant to this Agreement satisfies the requirements of Health and Safety Code Sections 34180(f) and 34188 regarding the legally mandated payments to taxing entities in proportion to their shares of the property base for the value of the properties retained by the County.

7. Conditions Precedent to Effectuation and Implementation of Agreement. Notwithstanding anything contained in this Agreement to the contrary, effectuation and implementation of the Agreement, including but not limited to the County's obligation to remit and pay the Compensation Payment to the Parties, shall be subject to the prior approval of a transfer

agreement by and between the Successor Agency and the DOF, and execution of a compensation agreement by each of the other applicable Taxing Entities operating and/or located within the Project Area. In the event that a court of competent jurisdiction issues an order, new legislation is enacted or the DOF modifies the requirements of Health and Safety Code Section 34180(f), then this Agreement shall remain binding and enforceable to the extent such modification does not preclude implementation of the terms of this Agreement and/or obligations of the Parties.

## 8. Miscellaneous Provisions.

8.1. Notices. Except as otherwise specified in this Agreement, all notices to be sent pursuant to this Agreement shall be made in writing, and sent to the Parties at their respective addresses specified on the signature pages to this Agreement or to such other address as each of the Parties may designate by written notice delivered to the other in accordance with this Section. All such notices shall be sent by: (i) personal delivery, in which case notice is effective upon delivery; (ii) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered on receipt if delivery is confirmed by a return receipt; or (iii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service.

8.2. Headings; Interpretation. The section headings and captions used herein are solely for convenience and shall not be used to interpret this Agreement. The Parties agree that this Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if both Parties had prepared it.

8.3. Action or Approval. Whenever action and/or approval by the County is required under this Agreement, the Board of Supervisors may act on and/or approve such matter unless specifically provided otherwise through a delegated authority to a County Official.

8.4. Entire Agreement. This Agreement and all exhibits hereto, contain the entire agreement between the Parties with respect to the subject matter hereof and supersedes all prior written or oral agreements, understandings, representations or statements between the Parties with respect to the subject matter hereof.

8.5. Counterparts. This Agreement may be executed in counterparts, each of which shall be an original and all of which taken together shall constitute one instrument. The signature page of any counterpart may be detached therefrom without impairing the legal effect of the signature(s) thereon provided such signature page is attached to any other counterpart identical thereto having additional signature pages executed by other Parties. Any executed counterpart of this Agreement may be delivered to other Parties by facsimile and shall be deemed as binding as if an originally-signed counterpart was delivered.

8.6. Severability. If any term, provision, or condition of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, then the remainder of this Agreement shall continue in full force and effect unless an essential purpose of the Agreement is defeated by such invalidity or unenforceability.



8.7. No Third Party Beneficiaries. Except as expressly set forth herein, nothing contained in this Agreement is intended to or shall be deemed to confer upon any person, other than the Parties and their respective successors and assigns, any rights or remedies hereunder.

8.8. Parties Not Co-Venturers; Independent Contractor; No Agency Relationship. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another. The relationship of the Parties shall not be construed as a joint venture, equity venture, partnership or any other relationship.

8.9. Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California without regard to principles of conflicts of laws. Any action to enforce or interpret this Agreement shall be filed and heard in the Superior Court of Los Angeles County, California or in the Federal District Court for the Central District of California.

8.10. Conditional Effectiveness. The County shall not be obligated to remit the Compensation Payment to the Auditor-Controller for distribution to the County and the Taxing Entities in accordance with the terms of this Agreement unless and until the County has entered into the statutorily-mandated compensation agreements with each and every other affected Taxing Entity operating and/or located within the Project Area.

IN WITNESS WHEREOF, the foregoing agreement was adopted by the Board of Supervisors of the County of Los Angeles and ex officio as the governing body of all other agencies, authorities, and districts, including special assessment and taxing districts, referenced herein for which said Board so acts; and was adopted by the additional parties hereto, all which have executed and attested by their proper officers thereunto duly authorized and their official seals to be hereto affixed on the day and year set opposite the name of each of the parties.

COUNTY OF LOS ANGELES, CALIFORNIA

By: Hilda L. Solis  
Hilda L. Solis, Chair, Board of Supervisors

LORI GLASGOW  
Executive Officer  
Board of Supervisors of  
the County of Los Angeles

By: [Signature]  
Deputy  
MAR 18 2016



I hereby certify that pursuant to section 25103 of the government code, delivery of this document has been made.

LORI GLASGOW  
Executive Officer  
Clerk of the Board of Supervisors

By: [Signature]  
Deputy

APPROVED AS TO FORM

MARY C. WICKHAM  
County Counsel

By: [Signature]  
Deputy

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

22

MAY 12 2015

[Signature]  
LORI GLASGOW  
EXECUTIVE OFFICER

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Attest:

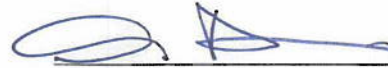
Los Angeles County Sanitation  
District No. 1

By:



Kimberly S. Compton, Board Clerk

By:



Dee Andrews, Board Chair

Date:

April 8, 2015

Date:

April 8, 2015

Approved as to Form:

LEWIS, BRISBOIS, BISGAARD & SMITH LLP

By:



Wesley G. Beverlin, District Counsel

By:

\_\_\_\_\_

\_\_\_\_\_, General Executive

Date:

April 8, 2015

Date:

\_\_\_\_\_

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

22

MAY 12 2015



LORI GLASGOW  
EXECUTIVE OFFICER

Attest:

By: *Maria Danla*  
Maria Danla, Board Clerk

Date: 6-11-2015

Approved as to Form:

By: *Quinn M. Barrow*  
QUINN BARROW, District Counsel

Date: 6-11-15

Greater Los Angeles County  
Vector Control District

By: *Steve Tye*  
Steve Tye, Board Chair

Date: 6-11-15

By: *Truc Dever*  
TRUC DEVER, General Executive

Date: 6/11/15

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

22 MAY 12 2015  
*Lori Glasgow*

LORI GLASGOW

EXECUTIVE OFFICER

Attest:

By: \_\_\_\_\_

\_\_\_\_\_, Board Clerk

Date: \_\_\_\_\_

Approved as to Form:

By: \_\_\_\_\_

\_\_\_\_\_, District Counsel

Date: \_\_\_\_\_

Compton Community College District

By: \_\_\_\_\_

\_\_\_\_\_, Board Chair

Date: \_\_\_\_\_

By: \_\_\_\_\_

Felipe R. Lopez, General Executive

Date: 4/22/2015

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

22 MAY 12 2015  
Lori Glasgow  
LORI GLASGOW  
EXECUTIVE OFFICER

**County Notices/Address:**

County of Los Angeles  
500 West Temple Street  
Room 713  
Los Angeles, CA 90012  
Attn: Chief Executive Office

County of Los Angeles  
500 West Temple Street  
Room 383  
Los Angeles, CA 90012  
Attn: County Clerk

Greater Los Angeles County Vector Control District

By \_\_\_\_\_

Date: \_\_\_\_\_

Compton Unified School District

By 

Date: April 29, 2015

Compton Community College District

By \_\_\_\_\_

Date: \_\_\_\_\_

Water Replenishment District of Southern California

By \_\_\_\_\_

Date: \_\_\_\_\_

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

22 MAY 12 2015  
  
LORI GLASGOW  
EXECUTIVE OFFICER



Los Angeles County Office of Education

Approved as to Form:

By: Vibiana M. Andrade  
Vibiana M. Andrade, General Counsel

Date: 11/16/15

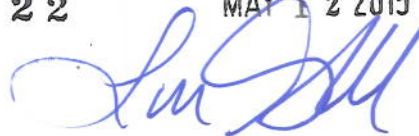
By: Arturo Delgado  
Arturo Delgado, Ed. D., Superintendent

Date: 11-19-15

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

22

MAY 12 2015



LORI GLASGOW  
EXECUTIVE OFFICER

Water Replenishment District of Southern California

By   
Sergio Calderon, Board President

Date: April 16, 2015

County Sanitation District No. 1 of Los Angeles County

By \_\_\_\_\_  
Chairperson, Board of Directors

ATTEST:

By \_\_\_\_\_  
Secretary to the Board

APPROVED AS TO FORM:

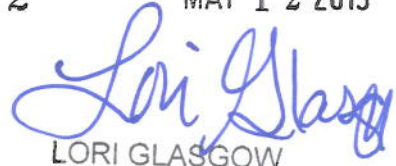
LEWIS, BRISBOIS, BISGAARD & SMITH LLP

By \_\_\_\_\_  
District Counsel

**ADOPTED**  
BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

22

MAY 12 2015

  
LORI GLASGOW  
EXECUTIVE OFFICER



# ATTACHMENT II

May 12, 2015

DEPT NO: 060

COUNTY OF LOS ANGELES

**REQUEST FOR APPROPRIATION ADJUSTMENT**

DEPARTMENT OF CHIEF EXECUTIVE OFFICER

**AUDITOR-CONTROLLER:**

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. PLEASE CONFIRM THE ACCOUNTING ENTRIES AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF EXECUTIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

**ADJUSTMENT REQUESTED AND REASONS THEREFOR****FY 2014-15****3 - VOTES****SOURCES****USES****PFU-VARIOUS**

A01-CB-2000-13749-13760

SERVICES &amp; SUPPLIES

**DECREASE APPROPRIATION****72,000**

VARIOUS CAPITAL PROJECTS

**WILLOWBROOK ACQUISITION BANDERA AVENUE**

A01-CP-6006-65099-70013

CAPITAL ASSETS - LAND

**INCREASE APPROPRIATION****72,000****SOURCES TOTAL****72,000****USES TOTAL****72,000****JUSTIFICATION**

Reflects the transfer of \$72,000 from the Provisional Financing Uses budget unit to fund a Compensation Agreement to fund the transfer of properties within the former Willowbrook Redevelopment Project Area.

**ADOPTED**BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES*Matthew McGloin***AUTHORIZED SIGNATURE** MATTHEW MCGLOIN, MANAGER, CEO

BOARD OF SUPERVISOR'S APPROVAL (AS REQUESTED OR REVISED)

*Patrick Ozawa*  
PATRICK OZAWAREFERRED TO THE CHIEF EXECUTIVE OFFICER  
EXECUTIVE OFFICER FOR---☒ RECOMMENDATION☒ APPROVED AS REQUESTED☐ APPROVED AS REVISED

AUDITOR-CONTROLLER

BY

CHIEF EXECUTIVE OFFICER

BY

B.A. NO.

202

DATE

April 29, 2015

DATE

4/29/15

# ATTACHMENT III

**Auditor-Controller, Property Tax Apportionment Division**  
**Affected Taxing Entities Share Percentage of LA CDC Willowbrook RP**

	Share %	\$671,375.88
<b>County</b>		
105 Los Angeles County General	0.257133891	\$172,633.49
120 Los Angeles County General	0.000092525	\$62.12
301 Los Angeles County Library	0.017571510	\$11,797.09
510 Road District # 2	0.005028109	\$3,375.75
1940 County Lighting Maintenance District No 1687	0.070360872	\$47,238.59
40015 County School Services	0.001132134	\$760.09
40021 Children's Institution Tuition Fund	0.002246775	\$1,508.43
<b>County - Separate Legal Entities</b>		
730 Consolidated Fire Protection District	0.140475934	\$94,312.15
731 County Fire Foster and Fire Warden	0.006102169	\$4,096.85
3010 County Flood Control District	0.001198206	\$804.45
3070 County Flood Control Maintenance	0.006816282	\$4,576.29
3360 Firestone Garbage Disposal District	0.051170790	\$34,354.83
<b>Non-County Taxing Entities</b>		
6180 Greater L.A. County Vector Control	0.000273111	\$183.36
6605 County Sanitation District No 1 Operating	0.011342718	\$7,615.23
35090 Water Replenishment District of Southern California	0.000138539	\$93.01
40000 Educational Revenue Augmentation Fund	0.094830871	\$63,667.16
40001 Educational Augmentation Fund Impound	0.132120093	\$88,702.24
79304 Compton Community College District	0.018287196	\$12,277.58
79320 Children's Ctr Fund Compton Community College District	0.005837646	\$3,919.25
84503 Compton Unified School District	0.166374381	\$111,699.75
84506 County School Service Fund-Compton	0.005458994	\$3,665.04
84507 Dev.Ctr.Hdcpd.Minor-Compton	0.000793183	\$532.52
84520 Compton Children's Center Fund	0.005214071	\$3,500.60
Total	1.000000000	\$671,375.88

	Share %	
<b>Taxing Districts</b>		
<b>County</b>		
Los Angeles County General	0.257226416	\$172,695.61
Los Angeles County Library	0.017571510	\$11,797.09
County Road Districts	0.005028109	\$3,375.75
County Lighting Maint.District	0.070360872	\$47,238.59
County Office of Education	0.003378909	\$2,268.52
<b>County - Separate Legal Entities</b>		
County Fire Districts	0.146578103	\$98,409.00
County Flood Control District	0.008014488	\$5,380.73
Firestone Garbage Disposal District	0.051170790	\$34,354.83
<b>Non-County Taxing Entities</b>		
Greater L.A. County Vector Control	0.000273111	\$183.36
County Sanitation Districts	0.011342718	\$7,615.23
Water Replenishment District	0.000138539	\$93.01
ERAF	0.226950964	\$152,369.40
Compton Community College District	0.024124842	\$16,196.84
Compton Unified School District	0.177840629	\$119,397.91
Total	1.000000000	\$671,375.88

# ATTACHMENT IV

**SUMMARY  
APPRAISAL REPORT  
OF THE  
VACANT LAND  
LOCATED AT  
THE NORTHEAST CORNER OF  
WILMINGTON AVENUE  
AND  
118TH STREET  
WILLOWBROOK, CALIFORNIA  
AS OF  
MAY 24, 2012**







June 4, 2012

Matthew Lust  
Project Manager  
Community Development Commission  
2 Coral Circle  
Monterey Park, CA 91755

Re: **Wilmington Avenue/Bandera Avenue/118<sup>th</sup> Street**

Dear Mr. Lust:

At your request, we have physically inspected the vacant land located at the northeast corner of Wilmington Avenue and 118th Street, Willowbrook, California. We have prepared a summary appraisal report.

It is our opinion that based on the data and analysis contained in the accompanying report, the hypothetical fee simple market value of the subject property on May 24, 2012 was One Million One Hundred Thousand Dollars.

**\$1,100,000.00**

Very truly yours,

A handwritten signature in black ink, appearing to read 'Ben F. Tunnell III'.

Ben F. Tunnell III  
Chairman  
Certified General Real Estate Appraiser  
#AG006964

A handwritten signature in black ink, appearing to read 'John J. Griffey'.

John J. Griffey  
President  
Certified General Real Estate Appraiser  
#AG011138

BT:kp  
N3970.rpt

WHEN VALUE  
MATTERS

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## ASSUMPTIONS & LIMITING CONDITIONS

We believe the information furnished to us is reliable but assume no responsibility for its accuracy.

This appraisal assumes all elements of the subject property are in serviceable condition. Since BTI Appraisal is not a licensed building inspector, this report is subject to re-evaluation if elements of the property are found to be unserviceable.

If financial statements, operating histories or any other data relating to the income and expenses attributed to the subject property have been utilized, they were provided by the owner, or representatives of the owner, and have been accepted without further verification, except as specifically set forth in this report.

We assume no responsibility for legal matters, nor do we render an opinion as to the title of the subject property. The legal descriptions given in this report were furnished by others, based on our review of public records as noted in the report, and are assumed to be correct.

The appraiser made no legal survey, nor has one been commissioned. Therefore, any plat, diagram or previous survey appearing in the report is only for the purpose of assisting the reader to visualize the subject property. Any sketch of the subject property included in this report has been prepared by our firm and has been relied upon unless specifically stated in this report.

The allocation of total value to land or building, if shown in this report, is invalidated if used separately or in conjunction with any other appraisal.

This report has been made without the benefit of a current soil unless otherwise stated. We offer no opinion as to the structural integrity of retaining walls or foundations, nor to present or future adverse effects due to the presence of asbestos, soil contaminants or other natural or man-made pollutants.

We are unaware of any lawsuits or contractual obligations, other than those specifically noted in this report, that would enhance or diminish the value of the subject property or its assets. If the presence of such matters is revealed, we reserve the right to modify our opinions expressed in this report.

The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey and/or analysis of the subject property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the subject property, together with a detailed analysis of the requirements of the ADA, could reveal that the subject property is not in compliance with one or more elements of the ADA. If so, this fact could have a negative effect upon the value of the subject property. Since the appraiser has no direct evidence relating to this issue, the appraiser did not consider possible

noncompliance with the requirements of the ADA in estimating the value of the subject property.

Possession of this report does not carry with it the right of publication, nor may it be used for any purpose by any person but the client without the previous written consent of the client and BTI Appraisal. Testimony or attendance in court by reason of this appraisal shall not be provided unless previous arrangements have been made.

### **INTENDED USE & USERS OF THE APPRAISAL REPORT**

The intended use of the appraisal is to assist the client, Community Development Commission of the County of Los Angeles, in reviewing the asset value of the subject property.

### **PROPERTY INTEREST BEING APPRAISED**

We are appraising the following interest in the subject property:

Fee Simple Estate: "Absolute ownership unencumbered by any other interest or estate; subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

### **HYPOTHETICAL CONDITIONS**

"That which is contrary to what exists but is supposed for the purpose of analysis." *USPAP 2010-2011 Edition* ©The Appraisal Foundation

We are appraising this property as a single building site, with no existing building improvements.

The use of this hypothetical condition might affect the value conclusion presented in this report.

## SCOPE OF THE APPRAISAL

The following steps were taken in arriving at our final estimates of value of the subject property:

1. After receiving the assignment, a preliminary search was made to determine market trends and other significant factors pertinent to the subject property.

In order to develop credible assignment results, this appraisal included research and analysis of property characteristics, taxes, zoning, restrictions and encumbrances.

The Sales Comparison Approach included research of market trends, new construction, absorption, marketing and exposure time, comparable sales and analysis of sale comparables.

In this case the sales comparison is the one applicable method for the valuation of vacant land. Since there are no improvements on the site, as valued, the Cost Approach is not applicable. The Income Approach is not applicable in the valuation of vacant commercial and residential land.

Data systems we utilize include, but are not limited to, the following:

NDC data, provided by National Data Collective, is a comprehensive on-line database which provides information on sales, property data, FEMA flood map information, and parcel maps for properties throughout the United States.

Real Quest, provided by Core Logic, is also a comprehensive on-line database providing a second, confirming source for data used in our reports.

CoStar Comps, provided by the CoStar Group, is an on-line database which provides detailed sales and financial information for commercial, industrial, special purpose and apartment properties throughout the United States.

In addition to our in-house data systems we interview, by telephone or in person, real estate brokers, property owners, buyers and sellers of property, and tenants, as well as governmental and non-governmental entities having jurisdiction or influence in current market trends and attitudes. We then analyze and reconcile the collected data to form our opinion of value.

2. A physical inspection of the subject property was performed. However, the appraiser is not an expert in such matters as pest control, structural engineering, hazardous waste, soil slippage, electrical, plumbing, roofing, foundation systems, etc., and no warranty is given with regard to these elements. As needed, inspections by various licensed professionals within these fields might be recommended with the final estimate subject to their



these fields might be recommended with the final estimate subject to their findings.

3. This appraisal report was completed in accordance with requirements dictated by the Uniform Standards of Professional Appraisal Practice 2012-2013 @ The Appraisal Foundation. This report includes such data and information needed to lead the reader to a similar estimate of our market value conclusion.
4. The Dictionary of Real Estate Appraisal, 5<sup>th</sup> Edition, as published by the Appraisal Institute, is the source of all definitions in this appraisal report, unless otherwise noted.

### **IDENTIFICATION OF REAL ESTATE BEING APPRAISED**

We will appraise the real property described by RealQuest, as that certain real property situated in the State of California, County of Los Angeles, community of Willowbrook, and more particularly described as follows:

Lots 20-27 and 72-79, of the South Gate Tract, as shown on a map thereof recorded in Map Book 13, Pages 14-15, records of said county.

This property is commonly referred to as:

The northeast corner of Wilmington Avenue and 118th Street  
Willowbrook, California  
Los Angeles County  
Thomas Brothers Map Reference: 704-H4

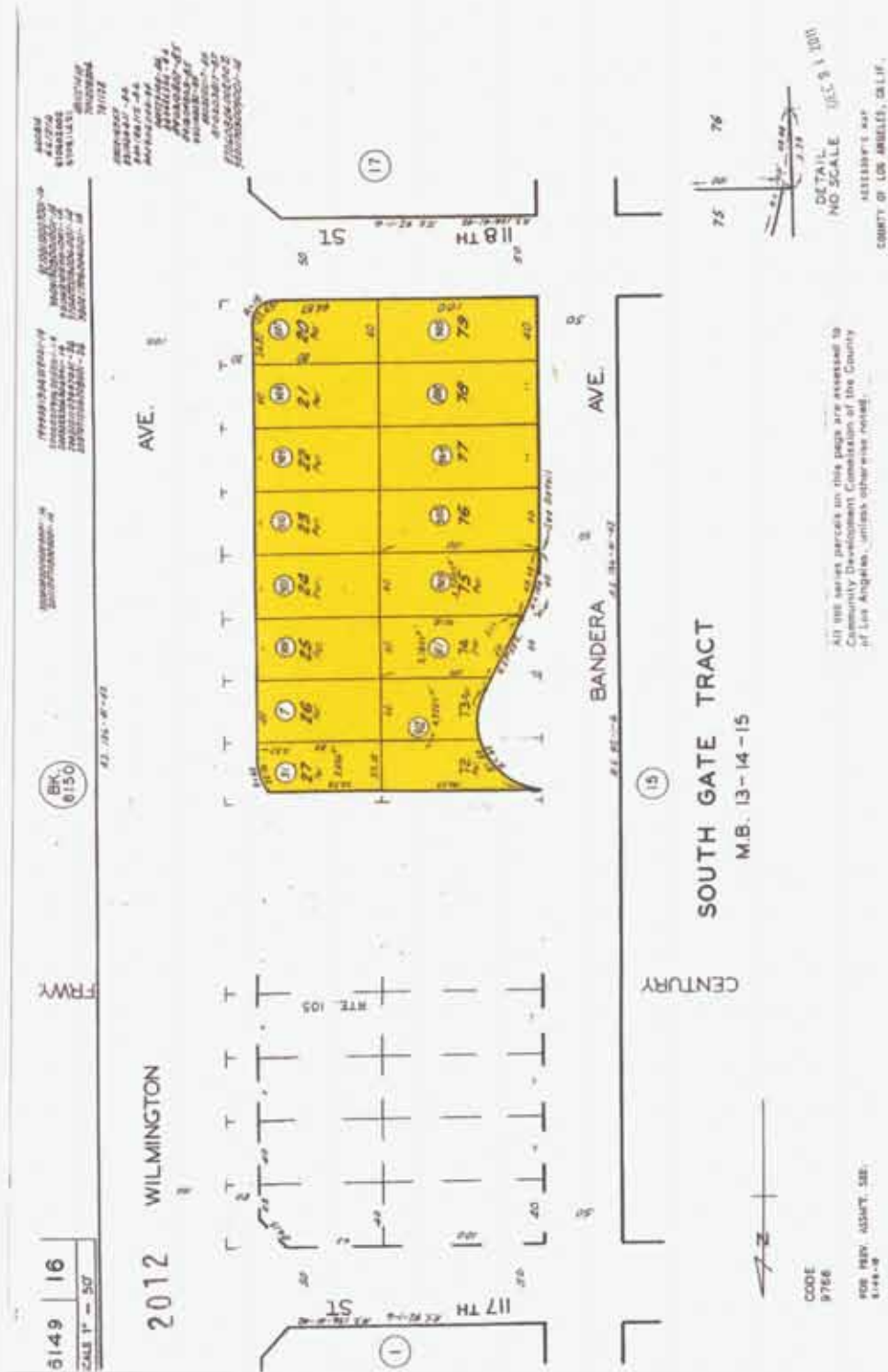
## TAX INFORMATION

APN	Lot Area Sq. Ft.	Land Value	Improvement Value	Total Value	Property Tax	Tax Area	Legal Lot
6149-016-007	3,200	\$1,698	\$0	\$1,698	\$248.38	9766	26
6149-016-031	2,606	\$11,724	\$0	\$11,724	\$357.68	9766	27
6149-016-900	3,200	\$3,316	\$0	\$3,316	\$0.00	9766	25
6149-016-901	3,200	\$34,680	\$0	\$34,680	\$0.00	9766	24
6149-016-902	4,000	\$11,764	\$0	\$11,764	\$0.00	9766	76
6149-016-903	3,720	\$65,860	\$0	\$65,860	\$0.00	9766	75
6149-016-904	4,000	\$51,944	\$0	\$51,944	\$0.00	9766	77
6149-016-905	4,000	\$4,931	\$0	\$4,931	\$0.00	9766	79
6149-016-906	4,000	\$66,586	\$0	\$66,586	\$0.00	9766	78
6149-016-907	3,197	\$82,117	\$0	\$82,117	\$0.00	9766	20
6149-016-908	3,200	\$47,613	\$0	\$47,613	\$0.00	9766	21
6149-016-909	3,200	\$37,808	\$0	\$37,808	\$0.00	9766	22
6149-016-910	3,200	\$37,808	\$0	\$37,808	\$0.00	9766	23
6149-016-911	3,180	\$73,948	\$0	\$73,948	\$0.00	9766	74
6149-016-912*	4,920	\$64,826	\$182,554	\$247,380	\$3,312.26	9766	72 & 73
	<u>52,823</u>	<u>\$596,623</u>	<u>\$182,554</u>	<u>\$779,177</u>	<u>\$3,918.32</u>		

(\*) old parcel #6149-016-033

The subject parcels are government own and not subject to property tax

## COUNTY ASSESSOR PLAT MAP



## **DATE OF VALUE**

The appraiser physically inspected the subject property on May 24, 2012. At the request of Community Development Commission of the County of Los Angeles, the value of this report is specifically applicable to May 24, 2012.

## **MARKET VALUE DEFINITION**

"The highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available."

*[California Code of Civil Procedure (Section 1263.320A)]*

## **SALE AND LISTING HISTORY OF SUBJECT**

The subject property is currently owned by the Community Development Commission of the County of Los Angeles except for Lots 26 & 27 which are owned by the Watts Labor Community Action Committee.

The improved property at 11732 Bandera Street, Lots 72 & 73 was purchased by the Community Development Commission from Mead Housing Associates on August 12, 2011 for \$340,000 as recorded on Document #1086495. Lots 21, 22 and 23 were purchased by the Community Development Commission from King Drew Medical Foundation on April 9, 2007 for \$480,000 as recorded on Document #845775. Lot 74 was purchased by the Community Development Commission from the Baszile Living Trust on July 2, 2008 as recorded on Document #1179091. One other parcel was acquired in 2005. The remaining properties were purchased prior to 2002.

## **EXPOSURE TIME**

Exposure time is "the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective time estimate based upon an analysis of past events assuming a competitive and open market." In assessing the subject's expected exposure time we are assuming that the subject would have been professionally marketed through a qualified broker or owner, that the property would have been listed at a reasonable asking price with an owner willing to accept a reasonable

offer and that the buyer and seller would not have been influenced by undue stimuli. We estimate the subject's exposure time would have been within 10 months based upon a review of marketing time for the comparable sales presented in this report.

### **MARKETING TIME**

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after effective date of an appraisal. In assessing the subject's expected marketing time if offered for sale, we are assuming that the subject will be professionally marketed through a qualified broker or owner, that the property will be listed at a reasonable asking price with an owner willing to accept a reasonable offer and that the buyer and seller will not be influenced by undue stimuli. At the present time, we are unaware of any new developments expected to occur in the near future which would negatively or positively affect the marketability of the subject compared to recent trends of competitive properties in the area. Marketing time in the subject area, based on current supply and demand, is typically within 10 months based upon a review of marketing time for the comparable sales presented in this report.



## **REGIONAL ANALYSIS**

### **Data Source**

Quantitative data is supplied by CoStar and provides a view of market activity across the spectrum of all properties in the industrial, office and retail sectors. When a market area is small, we make no effort to limit the type of industrial, office or retail properties included in the search so that we can maximize the number of properties returned to illustrate overall market trends.

Properties included in the CoStar data base are more heavily weighted to newer and high profile properties represented by brokers using CoStar's services to market commercial properties. As a result vacancy rates tend to be understated and market rents tend to be above average. Data presented in this section of the report is only to identify overall trends and is not specifically applicable to the subject of this report.

### **Analysis**

Los Angeles County is the most economically, geographically and culturally diverse county in the State of California. The county encompasses over 4,000 square miles of land. It is bordered by Ventura County to the northwest, Kern County to the north, San Bernardino County to the east, Orange County to the southeast, and the Pacific Ocean to the west. The county's land area offers a variety of terrain, including mountains, deserts, islands and coastal shores and beaches.

The county's physical features, both natural and manmade, include mountains, freeways and waterways, including 70 miles of coastline. These features have geographically partitioned the county into various submarkets, which have themselves been further subdivided. Areas in Los Angeles County, typically referred to by common name and with a high recognition factor include: the Palmdale-Antelope Valley, the San Fernando Valley, Downtown, Hollywood, the San Gabriel Valley, the Los Angeles Basin, the Long Beach and San Pedro port areas, the South Bay, and the Westside.

The physical, financial and governmental hub of Los Angeles County is the City of Los Angeles. In addition to being the site of the city government, it is the seat of the Los Angeles County government, which is run by five elected supervisors with a rotating chairman. The County maintains its own police and fire departments, sanitation district, sewer and water departments, and legal department. There are 88 incorporated cities within the county, each with its own city council. All of the cities, in varying degrees, contract with the county to provide municipal services. Despite the large number of incorporated cities, most of the area of the county is unincorporated and falls under the county government's jurisdiction.

As previously noted, various submarkets within the county are themselves subdivided by natural and manmade barriers, as well as by specific areas of interest. Many districts are located in the City of Los Angeles, and include: Hollywood, which is typically referred to as the Nation's Film Capital and Koreatown, located just west of the downtown business district. The core of Koreatown is located between Wilshire and Olympic Boulevards. Other districts include the mid-Wilshire district, which is a commercial corridor that runs west from downtown Los Angeles to Fairfax Avenue along Wilshire Boulevard; Beverly Hills; Westwood, further west of downtown, which is the location of the University of California Los Angeles (UCLA) and is a thriving business district. Beyond Westwood is the incorporated City of Santa Monica.

Southwest of the Los Angeles central business district is the region of South Bay, with Los Angeles International Airport as its focal point. This area also includes the incorporated cities of El Segundo, Torrance, Manhattan Beach, and Inglewood. The South Bay is a major office and industrial submarket, with a concentration of businesses in the aerospace and defense-related industries.

To the south are the Gateway Cities with the ports of San Pedro and Long Beach. These two ports are the largest transshippers of raw and manufactured goods in the United States. The ports are able to ship to, and receive goods directly from, Pacific Rim countries, which include trading partners such as Japan, Taiwan, Hong Kong, Korea, Singapore, Vietnam, Thailand and the People's Republic of China.

To the southeast of the downtown area is the Los Angeles Basin, where industrial and manufacturing cities such as Vernon, the City of Industry and the City of Commerce are located. Businesses here participate in a wide variety of ventures, including meatpacking and steel manufacturing.

To the east and northeast is the San Gabriel Valley, which includes Pasadena and Glendale (both major office submarkets), West Covina and Pomona, where the Los Angeles County Fairgrounds is located.

To the northwest is the San Fernando Valley, which includes the incorporated City of Burbank, and the communities of Studio City, Sherman Oaks, Encino and Woodland Hills. These highly distinct communities are within the City of Los Angeles. Historically, retail and office centers have located along Ventura Boulevard, a major east-west thoroughfare running along the southern edge of the valley; however, growth is occurring north of Ventura Boulevard as the population increases.

Further north is Antelope Valley. Cities in this area, such as Lancaster, Palmdale and Santa Clarita, have experienced rapid growth as industries needed more space and homebuyers sought out more affordable housing or sites to build.

Connecting these various submarkets within the county is the most extensive freeway system in the United States. The primary freeways in the county are Interstate 5, which runs from the Mexican border to the State of Oregon, and Interstate 10, which connects Arizona to the Pacific Coast. Interstate 5 is the major north-south freeway in the state, while Interstate 10 is the major east-west traffic carrier. Other freeways include: the



Anderson (105), the Harbor (110), the Ventura (101), the Hollywood (134), the San Diego (405), the Long Beach (710), the Foothill (210), the Simi Valley (118), Artesia (91), Pomona (60) and the San Gabriel River (605). In addition there are numerous state-maintained routes that are capable of carrying high traffic concentrations.

Public transportation is provided primarily by the Metropolitan Transit Authority (MTA) and is supplemented by local bus companies in several communities. The MTA operates a light rail link from downtown Los Angeles to Long Beach in the south, to the LAX Airport, and a link to Pasadena. Expansion projects lengthening the San Fernando Valley line out to the Warner Center and a new line from Pasadena to East Los Angeles are now complete. The Union Pacific Railroad provides rail transportation for freight and goods, while AMTRAK provides both long and short-haul public rail transportation.

### **The Economy**

The diversity of its industrial and economic base has long been the key to Los Angeles County's economic strength. Historically the county has had a three-tiered base economy of aerospace, entertainment and tourism. The economy is driven by 16 base industries, ranging from professional business services and apparel manufacturing to petroleum production. Los Angeles has about 210,000 small businesses, which is nearly twice as many as any other region in the country. Los Angeles County has more minority and women-owned businesses than any other county in the nation. At the same time, Los Angeles is also the international headquarters for many large corporations such as The Walt Disney Company, Hughes Electronics, Mattel, Occidental Petroleum, Blue Cross, Health Net and Litton Industries. Tourism is also an integral industry in the region, attracting tourists from all over the world to Hollywood, Beverly Hills, and Southern California beaches to name a few.

Local government finance was a problem in 2009 with staff layoffs and service cuts and continued to be a problem in 2010. The state's fiscal woes threaten the Los Angeles County economy with continued state budget cuts in 2012. In July 2009, the state issued "registered warrants" also known as I.O.U's in lieu of payment of outstanding state debt. While payments to the most vulnerable did not cease, the fiscal emergency at the state capital proved to be far reaching as state employees were forced to take unpaid days off. The U.S. Department of Labor reported an unemployment rate of 8% in 1995 that followed a steady decline through 2000 to below 5%. There was a sharp increase in 2001 with unemployment rising to more than 7%, where it remained through 2002 and 2003. This was followed by a steady decline to the 5% level, which was recorded in 2007.

However, in 2008, amid recessionary concerns the unemployment rate for Los Angeles County increased to 6.7%. The county's unemployment rate was further affected in 2008 by the Writer's Guild of America writers' strike which left many entertainment related employees without jobs while the unions negotiated new contract terms. By the close of 2008, the unemployment rate was reported at 8.1%. In March 2012, the California Employment Development Department reported the unemployment rate for Los Angeles County at 11.9%. Continued worries about the economy including California's fiscal woes at the state level, bank failures, increased foreclosures, and weak consumer confidence have all



attributed to employee layoffs across the many industries adding to the already high unemployment rate.

According to the Los Angeles County Economic Development Corporation, the top five employment sectors remain the direct international trade, tourism, motion picture/TV production, wholesale trade & logistics and technology. The LAEDC predicted some significant challenges for the county in 2009, many of which have carried into 2012. International trade activity was weak, with only a very modest recovery in 2010. Tourism and manufacturing continued to decline through 2010 due to reduced consumer spending. There have been a few upticks in 2012, but consumers were still very cautious.

### **Demographics**

Los Angeles County has a large population of approximately 9,818,605 according to the 2010 United States Census. Approximately 30% of California's residents live in Los Angeles County and it is the most populous county in the United States.

### **Residential Market**

In the past housing vacancy rates in Los Angeles County were extremely low. Developers regularly searched to find sites large enough for additional construction and the solution often included redevelopment of existing sites. As a result of low vacancy rates in conjunction with easy access to credit, home sale prices in Los Angeles County rose at least 20% year over year. The attractive market conditions led to tight property inventories which often resulted in multiple high dollar offers for properties in some neighborhoods. However, in 2007 the nation's credit markets suffered severe setbacks due to the subprime mortgage and credit fallout that afflicted the nation.

In the first quarter of 2012, the total number of mortgage defaults was reported at 4,723 for Los Angeles County. This amounts to a 30.9% decline over the same period in 2011. While the decline in foreclosure activity is encouraging, this number is still significantly higher than what is considered normal foreclosure activity. Consequently, home prices for most of Los Angeles County have declined to levels last reported in 2004. The median sales price of single family residences and condominiums is starting to show signs of improvement. For 1st quarter 2012, DataQuick reported the median sales price of single family homes as \$308,000, which reflects a 3.8% decrease from 1st quarter 2011. The median sales price of condominiums was reported as \$260,000 in 1st quarter 2012, a 7.1% decline over 1st quarter 2011. The total number of sales of single family residences for 1st quarter 2012 totaled 12,184 while the total number of condominium sales was 4,137 in the same period. For all of 2011, the median price of single family homes declined 4.4% from 2010 while the median price of condominiums dropped 8.3%. The median price for single family homes in 2011 was \$325,000 and the median price of condominiums was \$275,000. Investors and credit worthy buyers have used the number of foreclosures and the low sales prices around the county as an opportunity to enter the market. City governments have also tried to ease the pressure on the residential market by utilizing Federal dollars to buy foreclosed properties and quickly rehabilitating them for sale to low and moderate income families.

Downtown Los Angeles saw a flurry of residential development as a result of the high prices seen in years prior to the subprime mortgage and credit fallout. Investors and developers alike answered the demand for less expensive housing in the residential market by building many projects. In the February 27, 2006 issue of Downtown Los Angeles News, one article documented 153 new developments taking place in all sectors of Downtown. Greatest activity was happening in areas known as the Historic Core, South Park and the Financial District where defunct buildings were refurbished into residential units with state-of-the-art amenities.

This redevelopment boom was converting downtown Los Angeles into a trendy urban living area similar to the refurbished districts of New York City. However, financing for big redevelopment and construction projects has been difficult to obtain, due to the credit crisis, bringing new development to a crawl. Despite this, the Los Angeles multi-family market continues to pose a long term investment opportunity for investors according to the Urban Land Institute's "Emerging Trends in Real Estate 2010." Construction of new developments continues albeit at a slower pace. A new art museum is scheduled to begin construction soon in downtown Los Angeles and will be completed late 2012.

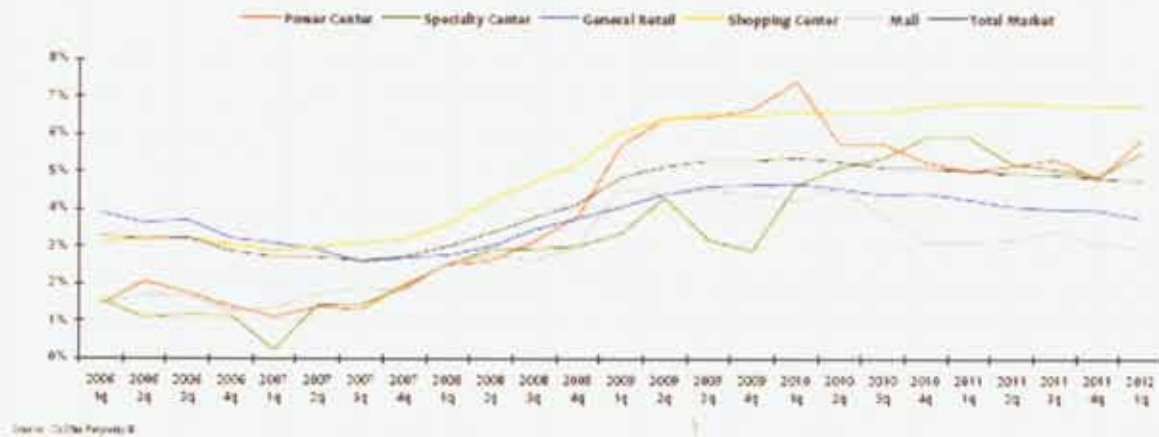
### **Retail Market**

National retailers such as Nordstrom, Macy's, J.C. Penney, and Sears anchor the majority of regional malls. In addition there are several outlet malls, where manufacturers sell directly to the consumer. There are innumerable community and neighborhood shopping centers that are anchored primarily by grocers such as Vons, Albertsons and Ralph's, as well as power centers that are built around Costco, Sam's Club, Target or Wal-Mart. Los Angeles County is also the site of one of the most exclusive and prestigious shopping areas in the country: Rodeo Drive in Beverly Hills. Newer, trendier retail shopping areas such as Melrose Avenue, Hollywood, Old Town Pasadena, the Third Street Promenade in Santa Monica, the recently remodeled Santa Monica Place and the Americana at Brand in Glendale attract both tourists and locals. As land becomes scarcer and the entitlement process takes longer and becomes more expensive, mall operators are concentrating on retaining core occupants and upgrading and expanding existing facilities. As always, there will be some fallout of marginal operations, including both malls and stores.

According to the CoStar Group, the Los Angeles retail market experienced no change in vacancy rates in the first quarter of 2012. The vacancy rate held steady at 4.8% as it was in the fourth quarter of 2011. The following graph illustrates the vacancy rate trends of the Los Angeles retail market since the year 2006.



### Vacancy Rates by Building Type 2006-2012



According to CoStar, quoted rental rates were up slightly in the first quarter of 2012. The average rental rate was reported at \$2.02 per square foot per month as compared to \$2.01 reported in the fourth quarter of 2011. This represents a 0.5% increase in rates in the first quarter. A total of 441,385 square feet were still under construction at the end of the first quarter of 2012. Net absorption was positive at 366,106 square feet. The following graph illustrates the absorption and deliveries of retail space over the past 7 quarters.

### Absorption & Deliveries Past 7 Quarters

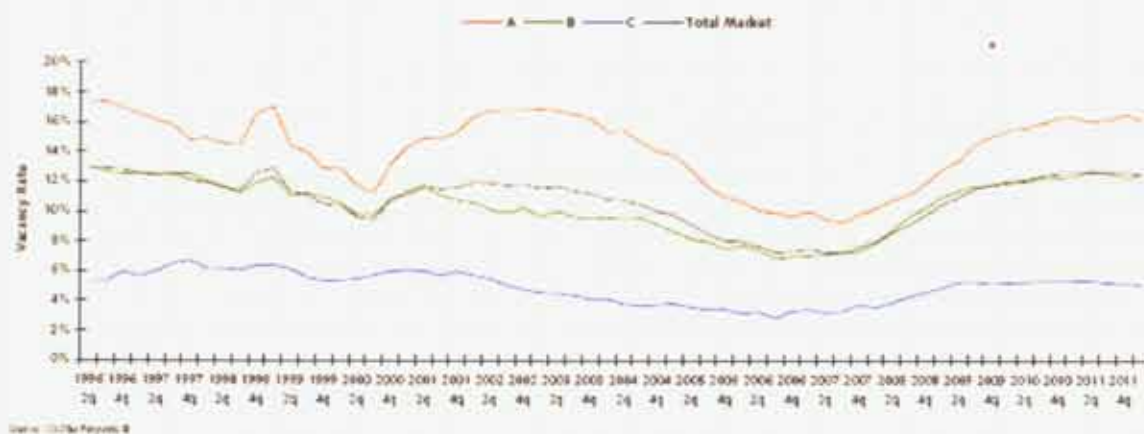


## Office Market

The Los Angeles County office market is concentrated in several submarkets throughout the region: Downtown Los Angeles, the Westside (including Century City), the South Bay, and the San Fernando Valley. There are also several suburban markets that have established themselves as viable office market areas, including Pasadena, Burbank, Glendale, and Valencia. However, the strong space market fundamentals in the Los Angeles office sector combined with limited exposure to the industries affected most by the housing bust should mitigate the impact of an otherwise challenging road ahead.

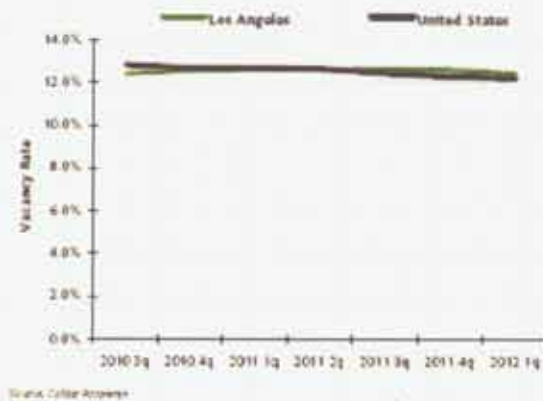
According to the CoStar Group, the Los Angeles Office market ended the first quarter of 2012 with a vacancy rate of 12.5% which is down slightly from the fourth quarter 2011. Net absorption, totaled positive 723,354 square feet in the first quarter. The following graph illustrates the vacancy rate trends of the Los Angeles office market since the year 1996.

Vacancy Rates by Class  
1996-2012



Rental rates ended the first quarter of 2012 at \$2.29 per square feet per month, a 1.7% decrease from the fourth quarter of 2011. A total of 1,625,087 square feet were still under construction at the end of the quarter. The following graph illustrates the absorption and deliveries of office space over the past 7 quarters.

### Absorption & Deliveries Past 7 Quarters

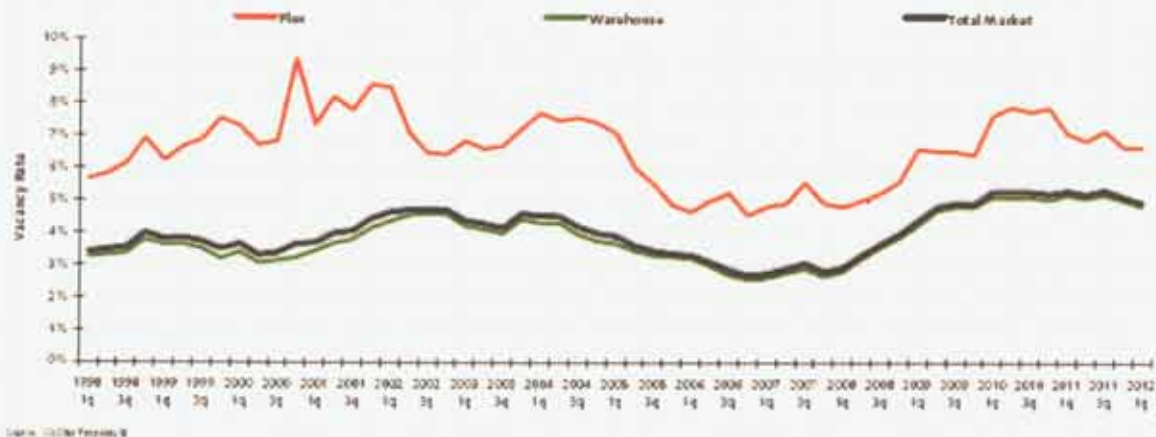


## Industrial Market

The Los Angeles County industrial market has traditionally seen demand outpace supply as industrial space suitable for moving goods and logistically sound redevelopable land becomes increasingly hard to find. According to analysts, the greatest challenge facing the Los Angeles County industrial market is the lack of available quality space rather than a measurable slowdown of demand. However, the greatest challenge facing industrial real estate professionals recently has undoubtedly been confidence.

According to the CoStar Group, the Los Angeles Industrial market ended the first quarter of 2012 with a vacancy rate of 4.9%. The vacancy rate was down from 5.2% in the fourth quarter of 2011 with net absorption totaling positive 1,801,491 square feet in the first quarter 2012. The following graph illustrates the vacancy rate trends of the Los Angeles industrial market since the year 1998.

### Vacancy Rates by Building Type 1998-2012





Rental rates ended the first quarter of 2012 at \$0.58 per square foot per month, basically unchanged from the fourth quarter of 2011. A total of 1,266,062 square feet of space were still under construction at the end of the first quarter of 2012.

## **Conclusion**

If considered a nation, Los Angeles County would be the sixteenth largest economy, falling between the Netherlands and Taiwan and ahead of such countries as Argentina, Switzerland and Belgium. If the County of Los Angeles was compared to a state, it would rank as the ninth most populated state, just behind Michigan. And in terms of size, the county is 800 square miles larger than the combined area of the states of Delaware and Rhode Island. These few facts alone prove that Los Angeles County is a daunting region, powerful in its own right. Although powerful, the county has not been immune to the ongoing downturn that has affected the country since the second half of 2007. Foreclosures are prevalent, unemployment is rising and fiscal turmoil at the state level is threatening the local economy. 2011 proved to be a slow moving one for the country and the county and analysts are cautious about the prospects of 2012.

## CITY OF LOS ANGELES, CALIFORNIA

Los Angeles is located in Los Angeles County, California. It is the second largest city in the United States and the largest city in the state of California and the Western United States. Additionally, the city spans over 498.3 square miles in Southern California and is anchored to the world's 13<sup>th</sup> largest metropolitan area with 17.7 million people spread out over much of coastal Southern California. Los Angeles is also the seat of Los Angeles County, the most populated and one of the most multicultural counties in the United States. According to the 2010 census, the population of the City of Los Angeles is 3,792,621.

Los Angeles was founded on September 4, 1781, by Spanish governor Felipe de Neve as El Pueblo de Nuestra Señora la Reina de los Angeles del Río de Porciúncula (The Village of Our Lady, the Queen of the Angels of the river of Porziuncola). It became a part of Mexico in 1821, following its independence from Spain. In 1848, at the end of the Mexican-American War, Los Angeles and the rest of California were purchased as part of the Treaty of Guadalupe Hidalgo, thereby becoming part of the United States; Mexico retained the territory of Baja California. Los Angeles was incorporated as a municipality on April 4, 1850, five months before California achieved statehood.

Railroads arrived when the Southern Pacific completed its line to Los Angeles in 1876. Oil was discovered in 1892, and by 1923 Los Angeles was producing one-quarter of the world's petroleum. By 1900, the population had grown to more than 102,000 people, putting pressure on the city's water supply. 1913's completion of the Los Angeles Aqueduct, under the supervision of William Mulholland, assured the continued growth of the city. In the 1920's, the motion picture and aviation industries flocked to Los Angeles, with continuing growth ensuring that the city suffered less during the Great Depression.

In 1932, with population surpassing one million, the city hosted the Summer Olympics. The post-war years saw an even greater boom, as urban sprawl expanded the city into the San Fernando Valley. In 1984, the city hosted the Summer Olympic Games for the second time. Despite being boycotted by 14 Communist countries, the 1984 Olympics became the most financially successful in history, and only the second Olympics to turn a profit—the other being the 1932 Summer Olympics, also held in Los Angeles.

During the remaining decades of the 20<sup>th</sup> century, the city was plagued by increasing gang warfare, drug trades, and police corruption. Racial tension erupted again in 1992 with the Rodney King controversy and the large-scale riots that followed the acquittal of his police attackers. In 1994, the 6.7 Northridge earthquake shook the city, causing \$12.5 billion in damage and 72 deaths.

Today, Los Angeles is a world center of business, international trade, entertainment, culture, media, fashion, science, technology, and education. It is home to renowned institutions covering a broad range of professional and cultural fields, and is one of the most substantial economic engines within the United States. In 2008, Los Angeles was named the world's eighth most economically powerful city by Forbes.com, ahead of Shanghai and Toronto but behind New York City and London.



The unemployment rate was reported at 13.1% in March 2012 by the California Employment Development Department. The rate for Los Angeles County was 11.9% in the same period.

The city is home to several Fortune 500 companies including energy company Occidental Petroleum, healthcare provider Health Net, metals distributor Reliance Steel & Aluminum, engineering firm AECOM and real estate group CB Richard Ellis. As the home base of Hollywood, it is known as the "Entertainment Capital of the World", leading the world in the creation of motion pictures, television production, interactive games, and recorded music. Los Angeles is the largest manufacturing center in the western United States. The contiguous ports of Los Angeles and Long Beach comprise the fifth busiest port in the world. The ports of Los Angeles and Long Beach are vital to trade within the Pacific Rim.

The city is divided into many neighborhoods, many of which were incorporated places or communities that were annexed by the city. There are also several independent cities around Los Angeles, but they are popularly grouped with the City of Los Angeles, either due to being completely engulfed as enclaves by Los Angeles, or lying within its immediate vicinity. Generally, the city is divided into the following areas: Downtown Los Angeles, The Eastside and Northeast Los Angeles, South Los Angeles, the Harbor area, Hollywood, Wilshire, the Westside and the San Fernando and Crescenta Valleys.

Some well-known communities within Los Angeles include West Adams, Watts, Leimert Park, Baldwin Hills, Venice Beach, the Downtown Financial District, Los Feliz, Silver Lake, Hollywood, Koreatown, Westwood and the more affluent areas of Bel Air, Benedict Canyon, Hollywood Hills, Hancock Park, Pacific Palisades, Century City, and Brentwood.

Residents of Los Angeles are served by the Los Angeles Unified School District for primary and secondary education. The District also serves several surrounding communities for a total student population over 800,000. There are three public universities within the city limits: California State University, Los Angeles, California State University, Northridge and University of California, Los Angeles. Private colleges in the city include: University of Southern California, Loyola Marymount University and Mount St. Mary's College, among many others. The main Los Angeles airport is Los Angeles International Airport. The Los Angeles County Metropolitan Transportation Authority and other agencies operate an extensive system of bus lines, as well as subway and light rail lines across Los Angeles. Southern California experienced significant price increases in home values in past years, and Los Angeles was no exception. The rampant use of subprime mortgages fueled this increase; as residential vacancies lowered home prices increased. However, in 2007 the nation's credit markets suffered severe setbacks due to the subprime mortgage and credit fallout that afflicted the nation. A consequence of the fallout was increased foreclosure activity. According to DataQuick News, Los Angeles County experienced a total of 4,723 mortgage foreclosures in the first quarter of 2012. This represents a decline of 30.9% from the first quarter of 2011. Consequently, home prices for most of Los Angeles County have declined to levels last reported in 2004. While some areas in the city have seen a rebound in prices and activity, the market still lingers.

For the 1st quarter of 2012, DataQuick reported the following home prices for Los Angeles<sup>1</sup>:

Community name	ZIP Code	Single Family Homes			Condominiums			SFR Only
		Sales of Single Family Homes	Price Median SFR (\$1,000)	Price % Chg from 2011	Sales Count Condos	Price Median Condos (\$1,000)	Price % Chg from 2011	Median Home Price/Sq. Ft.
Los Angeles	90003	58	\$139	-19.6%	1	\$150	n/a	\$138
Los Angeles	90004	23	\$740	-13.6%	16	\$345	-15.4%	\$422
Los Angeles	90006	14	\$315	-3.8%	5	\$300	6.7%	\$177
Los Angeles	90010	n/a	n/a	n/a	6	\$385	-7.7%	n/a
Los Angeles	90011	48	\$142	-8.4%	n/a	n/a	n/a	\$131
Los Angeles	90012	1	\$237	-16.8%	28	\$245	0.0%	\$337
Los Angeles	90015	n/a	n/a	n/a	24	\$385	4.8%	n/a
Los Angeles	90016	36	\$267	3.3%	11	\$163	-7.8%	\$214
Los Angeles	90018	46	\$225	-7.2%	1	\$350	0.0%	\$171
Los Angeles	90019	50	\$550	12.2%	5	\$305	-7.3%	\$326
Los Angeles	90020	9	\$1,300	-27.2%	27	\$163	-24.4%	\$491
Los Angeles	90023	22	\$200	11.1%	n/a	n/a	n/a	\$175
Los Angeles	90027	34	\$929	8.1%	13	\$335	26.4%	\$455
Los Angeles	90029	7	\$355	61.4%	n/a	n/a	n/a	\$305
Los Angeles	90034	35	\$640	4.1%	14	\$290	-24.1%	\$444
Los Angeles	90035	35	\$795	-4.4%	10	\$434	-5.2%	\$413
Los Angeles	90036	23	\$825	-15.2%	7	\$420	-8.2%	\$448
Los Angeles	90037	33	\$175	-17.5%	n/a	n/a	n/a	\$132
Los Angeles	90039	49	\$515	15.1%	4	\$305	-14.7%	\$417
Los Angeles	90047	93	\$200	-11.1%	n/a	n/a	n/a	\$159
Los Angeles	90057	1	\$429	22.6%	9	\$142	-43.2%	\$272
Los Angeles	90062	45	\$209	1.0%	n/a	n/a	n/a	\$157
Los Angeles	90063	28	\$195	21.9%	n/a	n/a	n/a	\$169
Los Angeles	90044	82	\$165	-9.8%	n/a	n/a	n/a	\$149
Los Angeles	90059	70	\$139	-8.3%	1	\$200	25.0%	\$117
Los Angeles	90061	49	\$152	-13.4%	n/a	n/a	n/a	\$131
Los Angeles	90008	27	\$380	-7.5%	5	\$145	-17.4%	\$199
Los Angeles	90077	19	\$1,711	11.8%	3	\$993	7.4%	\$477
Los Angeles	90033	10	\$184	-4.4%	n/a	n/a	n/a	\$187
Los Angeles	90049	49	\$1,794	18.0%	28	\$480	-9.1%	\$699
Los Angeles	90067	n/a	n/a	n/a	27	\$780	52.9%	n/a
Los Angeles	90040	14	\$179	-25.1%	n/a	n/a	n/a	\$187
Los Angeles	90007	12	\$209	-4.1%	n/a	n/a	n/a	\$197
Los Angeles	90041	30	\$438	8.1%	1	\$269	-2.4%	\$338
Los Angeles	90022	46	\$233	10.7%	n/a	n/a	n/a	\$210
Los Angeles	90026	34	\$512	20.4%	3	\$325	-48.2%	\$379
Los Angeles	90032	63	\$200	-23.1%	6	\$152	13.9%	\$196
Los Angeles	90001	31	\$150	-9.1%	n/a	n/a	n/a	\$145
Los Angeles	90065	59	\$385	0.0%	2	\$148	-18.7%	\$271
Los Angeles	90042	75	\$305	-6.9%	22	\$227	-11.3%	\$293
Los Angeles	90028	7	\$700	37.8%	4	\$498	121.3%	\$458
Los Angeles	90068	58	\$805	-8.8%	12	\$320	17.2%	\$448
Los Angeles	90056	15	\$666	20.8%	3	\$275	72.4%	\$232
Los Angeles	90031	27	\$269	49.4%	7	\$135	-49.5%	\$232
Los Angeles	90066	57	\$735	-2.0%	15	\$350	-11.1%	\$499

<sup>1</sup> The information presented is based on average selling prices for each period and may not be indicative of home prices across the board.



Community name	ZIP Code	Single Family Homes			Condominiums			SFR Only
		Sales of Single Family Homes	Price Median SFR (\$1,000)	Price % Chg from 2011	Sales Count Condos	Price Median Condos (\$1,000)	Price % Chg from 2011	Median Home Price/Sq. Ft.
Los Angeles	90064	41	\$849	-3.8%	7	\$416	-18.4%	\$513
Los Angeles	90005	12	\$995	36.0%	25	\$291	-17.0%	\$332
Los Angeles	90043	96	\$240	-9.4%	n/a	n/a	-n/a	\$175
Los Angeles	90002	82	\$136	2.4%	n/a	n/a	-n/a	\$120
Los Angeles	90025	16	\$835	-2.3%	51	\$526	2.4%	\$521
Los Angeles	90045	66	\$551	-11.8%	8	\$147	-67.0%	\$409
Los Angeles	90024	27	\$1,330	-22.2%	77	\$540	4.3%	\$660
Los Angeles	90021	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Los Angeles	90058	n/a	n/a	n/a	n/a	n/a	n/a	n/a

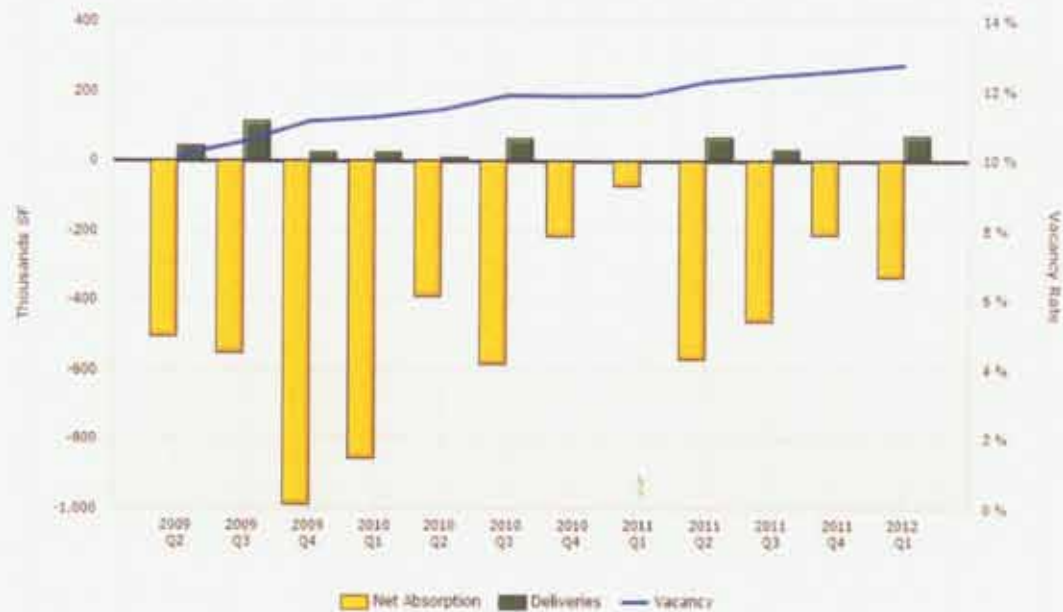
The city's economy has suffered in the wake of the national subprime mortgage and credit fallout and in the subsequent recession. As the unemployment rate for Los Angeles County has increased, the affects have been felt throughout the City of Los Angeles. The city is currently faced with a major budget deficit that is being closed by laying off public employees and reducing services to city residents. Furloughs for many city employees have already been implemented to close the deficit gap and many other measures may follow.

The Los Angeles office market experienced a slight increase in the vacancy rate and a slight decrease in rental rates in the first quarter of 2012. The CoStar Group reported the average rental rate as \$2.455 per square foot per month, down from \$2.465 in the fourth quarter of 2011. The vacancy rate was reported at 12.8%, up from 12.6% reported in the fourth quarter of 2011.

#### Office Vacancy & Rental Rates



### Absorption, Deliveries & Vacancies



The Los Angeles industrial market experienced a decrease in the vacancy and in rental rates in the first quarter of 2012. The CoStar Group reported the average rental rate as \$0.68 per square foot per month, down from \$0.72 reported in the fourth quarter of 2011. The vacancy rate was reported at 3.4% down from the 3.6% reported in the fourth quarter of 2011.

### Industrial Vacancy & Rental Rates



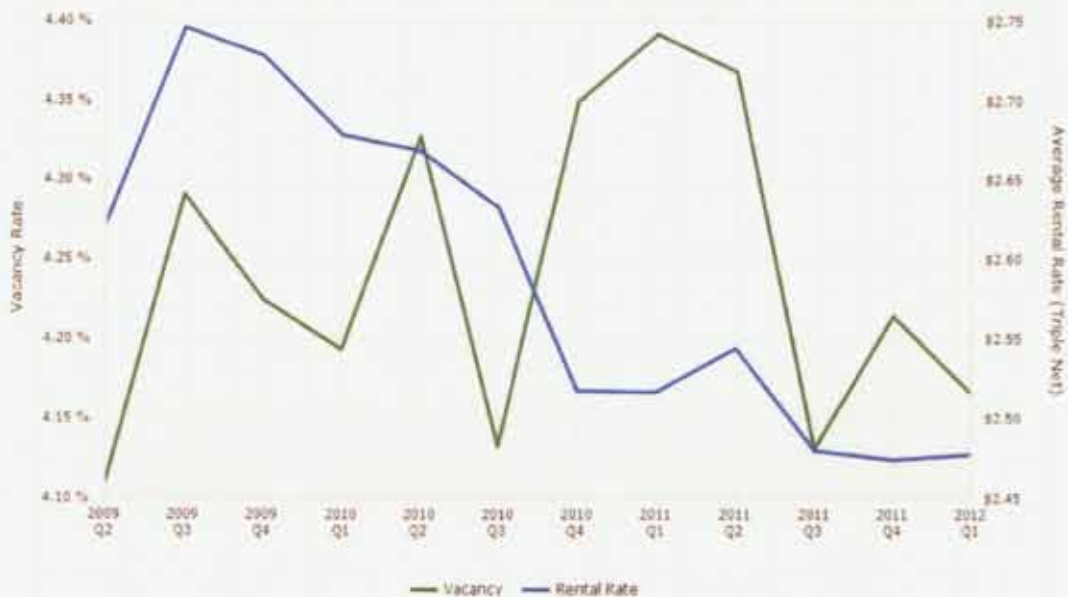


### Absorption, Deliveries & Vacancies

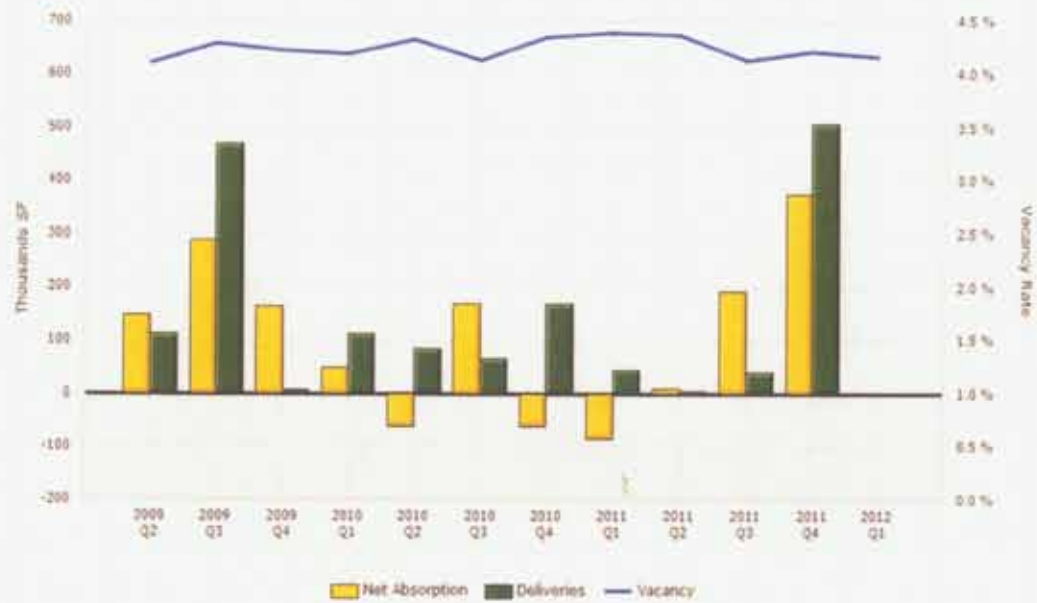


The Los Angeles retail market experienced a decrease in the vacancy rate and a slight increase in the rental rates in the first quarter of 2012. The CoStar Group reported the average rental rate as \$2.48 per square foot per month, up from \$2.47 reported in the fourth quarter of 2011. The vacancy rate was reported at 4.175%, down from the 4.215% reported in the fourth quarter of 2011.

### Retail Vacancy & Rental Rates



## Absorption, Deliveries & Vacancies



## MARKET AREA ANALYSIS

Market area is defined as: "The area associated with a subject property that contains its direct competition".

The subject property's market area boundaries are considered to be I-105 (Century Freeway) to the north, I-710 (Long Beach Freeway) to the east, CA91 (Artesia Freeway) to the south and I-110 (Harbor Freeway) to the west. The subject property is located on the west side of Wilmington Avenue, which is a secondary commercial asphalt street in the northern part of the community of Willowbrook. The subject property is located 8 miles southeast of the downtown Los Angeles central business district. This area is primarily a residential market which was originally developed in the early 1900's. The subject conforms to land uses in the area. The land use on Wilmington Avenue is primarily commercial in the area of the subject. Buildings in the area are used for retail, offices, medical offices, medical care and education. It is estimated that 10% of the land is vacant and available for development into commercial and residential uses. Over the last several years the area has seen limited redevelopment. Given the current economic trends in the area, it is anticipated that no change in use of properties will occur in the foreseeable future.

### *Neighborhood Analysis*

The subject is located opposite the Kenneth Hahn Plaza and north of the Martin Luther King medical facility which includes patient care, medical offices, and the Charles Drew Medical School campus.

The surrounding area is composed of residential neighborhoods of Willowbrook, Waits, Lynwood and Compton. Kenneth Hahn Plaza is the only community shopping center serving the area. Built in 1987, the center has 165,000 square feet of leasable area, tenants include Factory 2-0, Payless Shoes, Denny's, KFC, McDonalds, Pizza Hut, Starbucks and Taco Bell.



## SUBJECT PHOTOGRAPHS



Aerial view of subject



Subject from 118<sup>th</sup> Street and Bandera Avenue





Subject from 118<sup>th</sup> Street and Wilmington Avenue



East on 118<sup>th</sup> Street, subject on left





North on Bandera Avenue, subject on right



North on Wilmington Avenue, subject on left



South on Bandera Avenue, subject on left



South on Wilmington Avenue, subject on right



View to the east along northern line of subject, CA RTE 105 off ramp to left

## LAND DESCRIPTION

The subject site has been cleared and graded except for Lots 72 and 73 on which a single family residence remains. The subject has frontage on residential and commercial streets and is situated just south of the CA-105 off ramp. Access to the property directly from Wilmington may not be allowed due to its proximity to off ramp traffic. As evidenced by access to the Kenneth Hahn Center opposite the subject which has no ingress or egress north of 118<sup>th</sup> Street. At the request of our client, we are valuing only the land as a single site ready for development.

Area:	52,823 square feet, per plat map
Location:	Corner lot
Street:	Wilmington Ave. is public and 100 feet wide 118 <sup>th</sup> Street is public and 50 feet wide Bandera Avenue is public and 50 feet wide
Alley:	None
Parking Access:	2 curb cuts on 118 <sup>th</sup> Street Multiple curb cuts on Bandera Avenue
Frontage:	313 feet along Wilmington Avenue 140 feet along 118 <sup>th</sup> Street 313 feet along Bandera Avenue Please see plat map for further reference
Shape:	Irregular
Dimensions:	Irregular
Topography:	Level
Geology:	No adverse conditions known
Relation to Grade:	Level
Drainage:	Appears to be adequate
Utility:	The site's characteristics appear to make it adequate for development.
View:	Residential and commercial
Census Tract #	5407.00
FEMA Flood Hazard Zone:	No Panel # 0654043-1815F, Zone X, Date 9/26/08
Special Hazards:	Southern California has a history of earthquake activity, and we make no representation as to the subject's risk from such future activity.
Utilities to Site:	
Water	Yes
Sewer	Yes
Electric	Yes
Gas	Yes
Telephone	Yes
Storm Drain	Yes
General Plan:	Commercial



Zoning Classification:	C-2, R-2. We have considered the subject's split zoning C-2 and R-2 to be similar to both commercial and multi-family zoned property. Since multi-family use could be permitted on the C-2 zoned portion of the property and parking in support of commercial development could be allowed on the R-2 zoned portion of the site.
Zoning Requirements:	
Permitted Uses	Business & professional colleges, offices or businesses, one-family dwellings, parking areas, retail, schools, two-family dwellings.
Maximum Height	35 feet
Zoning Setbacks	None for commercial use
Minimum Lot Size	None for commercial use
Minimum Lot Width:	None for commercial use
Zoning Change:	Unlikely
Conform to Zoning:	Conforming
Easements, Restrictions and Reservations:	(Standard utility easements are assumed; no other easements were observed)*
Agreements:	None noted or observed*
Covenants:	None noted or observed*
Contracts:	None noted or observed*
Declaration:	None noted or observed*
Special Assessments:	None noted or observed*
Ordinances:	None other than zoning
* We have not been provided with a title report, and these items may be on the report but not known by the owner or observed by us. Therefore, the title report should be reviewed for these items.	

## ENVIRONMENTAL CHECKLIST

Current Use:	Vacant land
Presence of	
Underground Storage Tanks:	None noted or observed
Stained Soil:	None noted or observed
Vegetation Damage:	None noted or observed
Oily Surface Water:	None noted or observed
Discarded Batteries:	None noted or observed
Oil Drums:	None noted or observed
Propane Tanks:	None noted or observed
Water Wells:	None noted or observed
Neighboring Properties With Environmental Risks:	None noted or observed. Previous improvements and the site were residential and there is no indication of environmental risks.
Recommendations:	No action appears necessary at this time.

## HIGHEST AND BEST USE

Highest and Best Use is "the reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property-specific with respect to the user and timing of the use-that is adequately supported and results in the highest present value"

Implied in these definitions is that the determination of highest and best use takes into account the contribution of a specific use to the community and community development goals as well as the benefits of that use to individual property owners.

The following tests must be met in estimating highest and best use. The use must be legal and probable, not speculative or conjectural. A demand for the use must exist, and it must yield the highest net return to the land for the longest period. These tests are applied to improved and vacant property. To arrive at an estimate of highest and best use, the subject site was analyzed 1) as though vacant and available for development, and 2) as presently improved.

### **Highest and Best Use Assuming a Vacant Site**

#### *Physical Possibility*

The first constraint on the possible use of the property is dictated by the physical aspects of the site. "The land must be able to accommodate the size and shape of the ideal improvement." In general, the larger the site, the greater its potential to achieve economies of scale and flexibility in development.

The physical characteristics of the subject site will not impact development. The site is not in a FEMA Flood Hazard Zone.

#### *Legally Permissible Use*

Of particular importance in the analysis of highest and best use of the subject is to determine the legal extent and use to which the site can be developed. Development of the site is restricted by existing zoning regulations and subject to the interpretations by the planning, zoning and/or governing body charged with enforcing said regulations. In addition to these legal constraints, the property may be subject to restrictions placed upon the property by legislative laws, electoral laws, temporary legal restrictions, environmental issues or other possible factors under the public jurisdiction.



The site is zoned C2 along Wilmington Avenue and R-2 along Bandera Avenue and is designated for commercial and residential uses that allow for the development of various uses such as business & professional colleges, offices or businesses, one-family dwellings, parking areas, retail, schools, two-family dwellings.

In addition to public regulations, the subject may have private restrictions that limit the site's ability to be developed. These restrictions are typically found in the title report which was not reviewed. Based upon our investigation of the property, we have found only the restrictions of zoning and those issues which have clearly been identified in our report.

#### *Financially Feasible Use*

In determining which uses are legally permissible and physically possible, we eliminated some uses from consideration. We further analyzed the uses that meet these first two criteria to determine which are likely to produce an income, or return, equal to or greater than the amount needed to satisfy operating expenses, financial obligations and capital amortization. We regard as financially feasible all uses that are expected to produce a positive return.

#### *Maximally Productive Use*

Of the financially feasible uses, the highest and best use is that use which produces the highest residual land value consistent with the rate of return warranted by the market for that use. To determine the highest and best use of land as though vacant, an appropriate rate of return reflecting the associated risk is often used to capitalize income streams from different uses into their respective values. The use that produces the highest residual land value is considered to be the highest and best use for the subject.

#### *Conclusion*

Based on our observation of the market, current supply exceeds demand and has resulted in an over-built market. At present the highest and best use as though vacant is to hold the site for future development.



## **APPROACHES TO VALUE**

In the Sales Comparison Approach, market value is estimated by comparing the subject property to similar properties that have been sold recently or for which offers to purchase have been made. A major premise of the Sales Comparison Approach is that the market value of a property is directly related to the prices of comparables, competitive properties. The comparative analysis in the Sales Comparison Approach focuses on differences in the legal, physical, locational, and economic characteristics of similar properties and the subject property and on differences in the real property rights conveyed, the dates of sale, the motivations of buyers and sellers, and the financing arrangements for each sales transaction, which can account for variations in prices.

## **SALES COMPARISON APPROACH**

## LAND COMPARABLE 1



3000-3016 West Century Boulevard, Inglewood, California 90303  
Distance from subject: 5.0 miles  
APN: 4030-00-038

40,400 sq. ft. land area  
250 ft. frontage on W. Century Boulevard  
150 ft. frontage on Crenshaw Boulevard  
C2 Zone  
Map reference: 703-F5  
Utilities to site  
Level topography

Date of sale: November 22, 2011  
Price \$1,150,000  
All cash  
\$28.47 per square foot

This irregular-shaped corner parcel is located northwest of the subject on a primary street. The marketing time for this sale was 1,652 days. The grantor was Exxon Mobil Corporation, and the grantee was Inglewood Partners LLC on document number 1585335. This comparable was reported or verified by RealQuest, CoStar and the listing broker, David Steeves at 909/418-2282. Exxon Mobil sold the property with the right of access to complete on-going remediation of soil issues. The purchaser intends to develop the site with a retail structure.



# LAND COMPARABLE 1 PLAT MAP



## LAND COMPARABLE 2



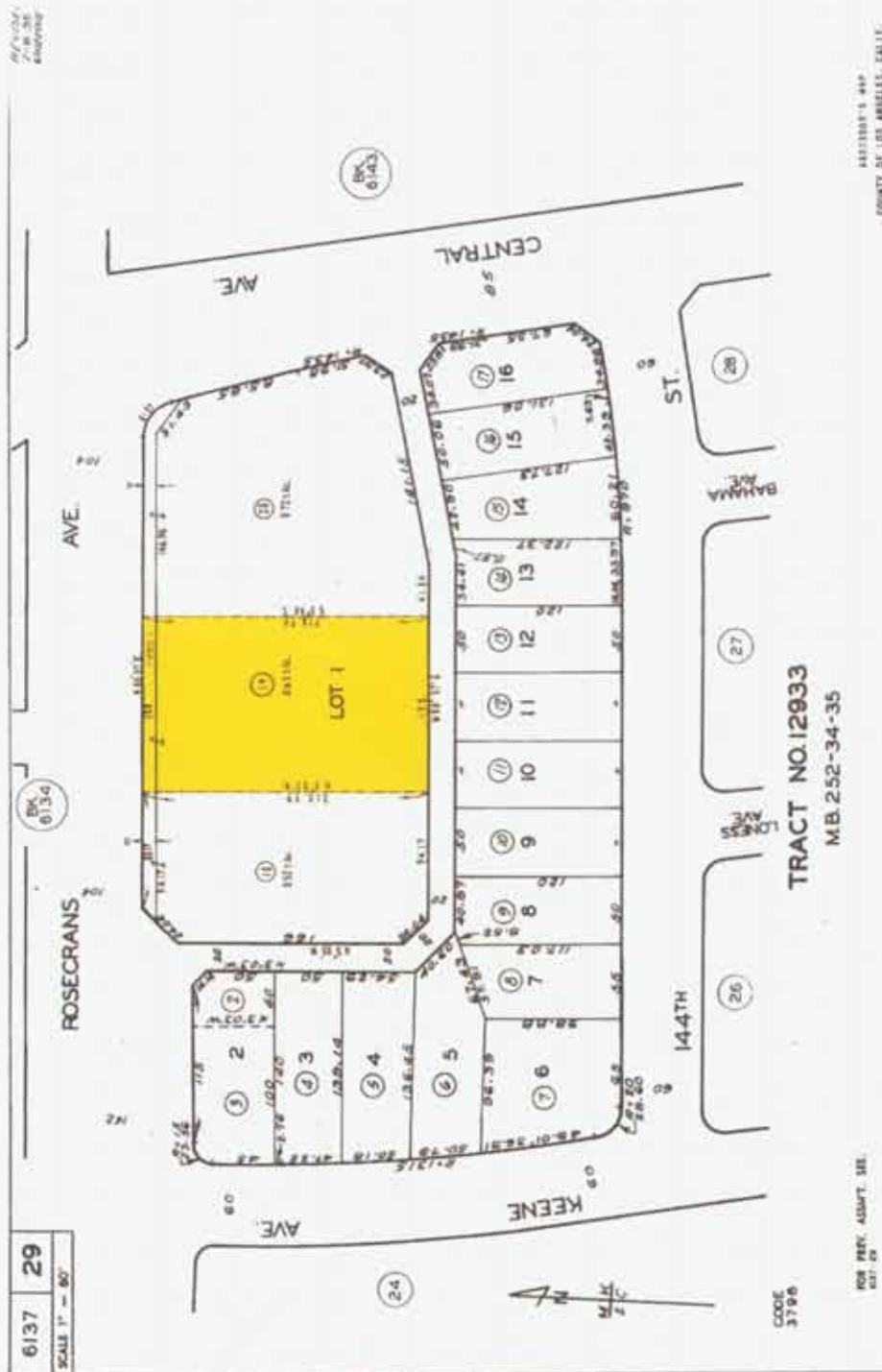
1150 Rosecrans Avenue, Los Angeles, California 90059  
Distance from subject: 1.8 miles  
APN: 6137-029-019

27,443 sq. ft. land area  
130 ft. frontage  
C-1 Zone  
Map reference: 734-E3  
Utilities to site  
Level topography

Date of sale: December 6, 2011  
Price \$275,000  
All cash  
\$10.02 per square foot

This rectangular-shaped interior parcel is located southwest of the subject on a primary street. The marketing time for this sale was 277 days. The grantor was McDonalds Corp., and the grantee was Fountainhead Rosecrans L.P. on document number 1642186. This comparable was reported or verified by RealQuest, CoStar and the broker, Bill Gilmore at 818/949-5243. This property is adjacent to the McDonalds at the corner of Rosecrans and Central. The property will have reciprocal ingress/egress with McDonalds. The property is deed restricted for 20 years prohibiting the sale of food. Newer retail in the immediate area includes Fresh & Easy, Food 4 Less, Taco Bell, Starbucks & McDonalds.

10/10/2016  
10/10/2016  
10/10/2016



SECTION 5.400  
COUNTY OF LOS ANGELES, CALIF.

FOR PREV. ASSAULT SEE 011-20

### LAND COMPARABLE 3



7621 Figueroa Street, Los Angeles, California 90003

Distance from subject: 4.0 miles

APN: 6020-020-027

12,654 sq. ft. land area  
97 ft. frontage on Figueroa Street  
130 ft. frontage on W. 77<sup>th</sup> Street  
C2 Zone  
Map reference: 704-B1  
Utilities on site  
Level topography

Date of sale: August 24, 2011  
Price \$500,000  
\$0 down  
\$5,600,000 1<sup>st</sup> from City of Los Angeles  
Housing Department  
\$4,450,000 2<sup>nd</sup> from City of Los Angeles  
Housing Department  
\$39.51 per square foot

This rectangular-shaped corner parcel is located northwest of the subject on a primary street. The marketing time for this sale was 688 days. The grantor was Century Housing, and the grantee was Meta Housing Corporation on document number 1141371. This comparable was reported or verified by CoStar, RealQuest and Marcus & Millichap. This was an REO sale. Financing will be used to develop the site with a senior housing complex.



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**CATALYST**

MAR 25 1936  
ASSISTANT'S MAP  
COUNTY OF LOS ANGELES, CAL.



FOR PREV. ASSM'T, SEE: 204-20

#### LAND COMPARABLE 4



10710 Wilmington Avenue, Los Angeles, California 90059

Distance from subject: 0.95 miles

APN: 6068-001-001 through 004 & 036

35,000 sq. ft. land area  
173 ft. frontage on Wilmington Avenue  
146.54 ft. frontage on Santa Ana Boulevard  
130 ft. frontage on E. 107<sup>th</sup> Street  
C2 Zone  
Map reference: 704-G5  
Utilities on site  
Level topography

Date of sale: January 28, 2010  
Price \$1,000,000  
\$547,562 down  
\$452,438 1<sup>st</sup> from seller  
\$28.57 per square foot

This rectangular-shaped corner parcel is located northeast of the subject on a primary street. The site has been redeveloped with a new charter school building. The grantor was RSS Development Inc., and the grantee was 10704 Wilmington LLC on document number 143099. This comparable was reported or verified by Win2Data, CoStar and the grantee, Rodney Sheppard.

401-520-0000  
 401-520-0001  
 401-520-0002  
 401-520-0003  
 401-520-0004  
 401-520-0005  
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INTERVIEW MAP  
COUNTY OF LOS ANGELES, CALIF.

NOT REV. ALBERT. 1111  
1111-1

## LAND COMPARABLE 5



2714 Wilmington Avenue, Compton, California 90059

Distance from subject: 0.6 miles

APN: 6152-004-020, 021

50,469 sq. ft. land area

120 ft. frontage on Wilmington Avenue

132 ft. frontage on El Segundo Boulevard

C2-R3 Zone

Map reference: 734-F1

Utilities to site

Level topography

Date of listing: November 10, 2011

Price \$699,000

\$13.85 per square foot

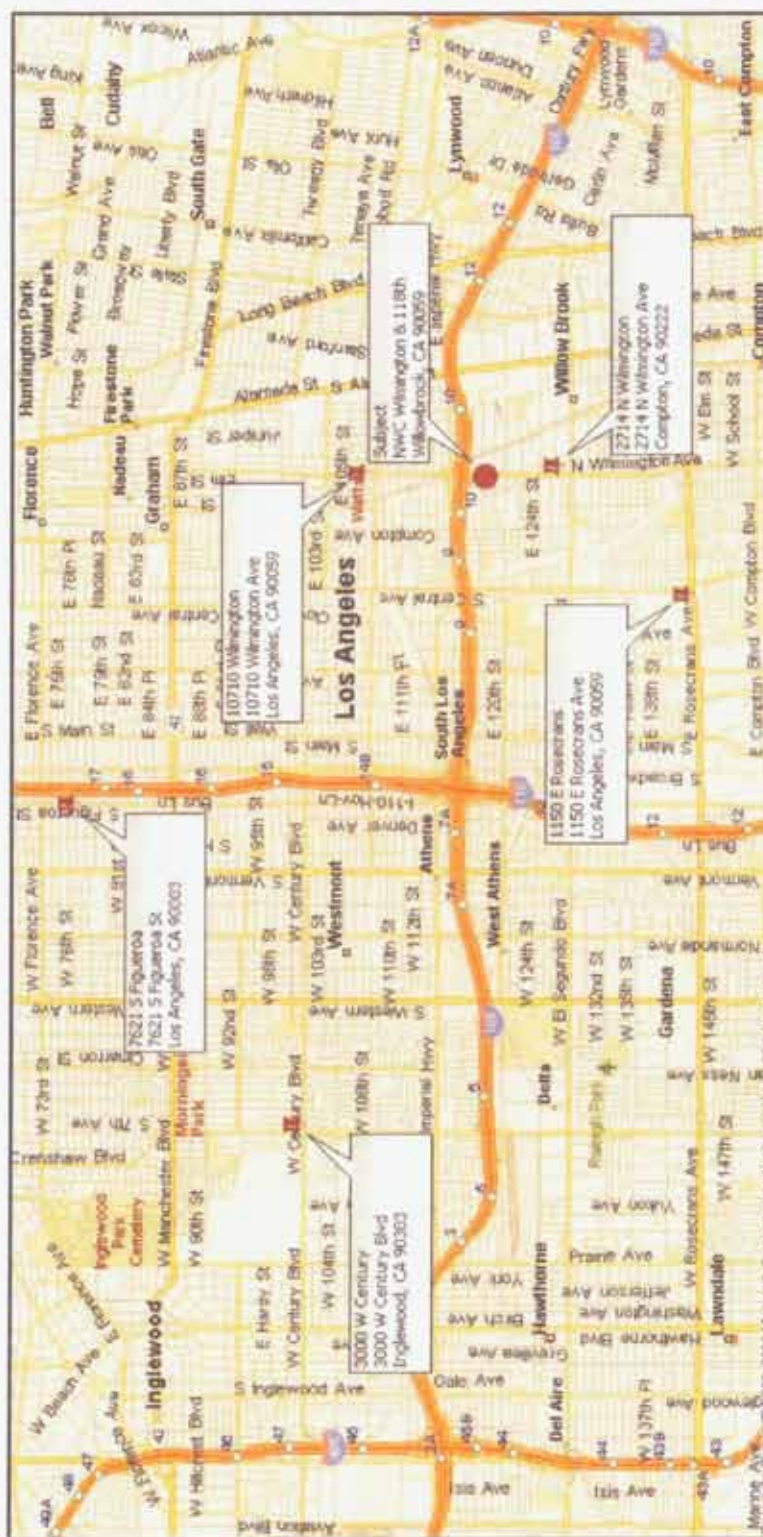
This L-shaped interior parcel is located south of the subject on a secondary street. This property has been on the market for 202 days. This comparable was reported or verified by RealQuest, MLS and the office of the broker, Leo Nordine at 310/379-8800. This property transferred via trustee's deed on 11/1/2011.



# LAND COMPARABLE 5 PLAT MAP

6152	4	2001
SCALE 1" = 80' 1/2" = 40' 1/4" = 20' 1/8" = 10' 1/16" = 5' 1/32" = 2.5' 1/64" = 1.25' 1/128" = 0.625' 1/256" = 0.3125' 1/512" = 0.15625' 1/1024" = 0.078125' 1/2048" = 0.0390625' 1/4096" = 0.01953125' 1/8192" = 0.009765625' 1/16384" = 0.0048828125' 1/32768" = 0.00244140625' 1/65536" = 0.001220703125' 1/131072" = 0.0006103515625' 1/262144" = 0.00030517578125' 1/524288" = 0.000152587890625' 1/1048576" = 7.62939453125E-05 1/2097152" = 3.814697265625E-05 1/4194304" = 1.9073486328125E-05 1/8388608" = 9.5367431640625E-06 1/16777216" = 4.76837158203125E-06 1/33554432" = 2.384185791015625E-06 1/67108864" = 1.1920928955078125E-06 1/134217728" = 5.9604644775390625E-07 1/268435456" = 2.98023223876953125E-07 1/536870912" = 1.490116119384765625E-07 1/1073741824" = 7.450580596923828125E-08 1/2147483648" = 3.7252902984619140625E-08 1/4294967296" = 1.86264514923095703125E-08 1/8589934592" = 9.31322574615478515625E-09 1/17179869184" = 4.656612873077392578125E-09 1/34359738368" = 2.3283064365386962890625E-09 1/68719476736" = 1.16415321826934814453125E-09 1/137438953472" = 5.82076609134674072265625E-10 1/274877906944" = 2.910383045673370361328125E-10 1/549755813888" = 1.4551915228366851806640625E-10 1/1099511627776" = 7.2759576141834259033203125E-11 1/2199023255552" = 3.63797880709171295166015625E-11 1/4398046511104" = 1.818989403545856475830078125E-11 1/8796093022208" = 9.094947017729282379150390625E-12 1/17592186044416" = 4.5474735088646411895751953125E-12 1/35184372088832" = 2.27373675443232059478759765625E-12 1/70368744177664" = 1.136868377216160297393798828125E-12 1/140737488355328" = 5.684341886080801486968994140625E-13 1/281474976710656" = 2.8421709430404007434844970703125E-13 1/562949953421312" = 1.42108547152020037174224853515625E-13 1/1125899906842624" = 7.10542735760100185871124267578125E-14 1/2251799813685248" = 3.552713678800500929355621337890625E-14 1/4503599627370496" = 1.7763568394002504646778106689453125E-14 1/9007199254740992" = 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1.43492962746861268062590643675547069917433359109756438776357712061624390935877655558334861455078125E-36 1/11150372599265311570767859136324180752990208" = 7.18718		

## LAND COMPARABLES MAP



## Analysis

The preceding comparables reflect recent activity in the subject market area. In our analysis of the data presented we considered a variety of factors, including cash equivalency, date of sale, listing discount, location, access, view, availability of utilities, topography, utility, zoning and size.

We have adjusted the comparables to the subject based on the differences noted. Except for those factors presented in the adjustment grid below, it is our opinion that the subject property and the comparables are similar or do not require further adjustments.

One characteristic of listings is that the actual sale will normally occur at a price below the listing price. Consequently, the asking price must be discounted for this factor. Based on our observation of current market conditions, as well as discussions with brokers, it is our opinion that a discount of 20% is appropriate.

Location is considered to be the most important factor in the analysis of a property. In this analysis, the comparables may be superior, inferior or similar to the property being appraised.

A property's positive exposure can enhance or lack of exposure can diminish its value. A corner property normally has the maximum amount of exposure due to frontage and visibility from two streets. An interior parcel is inferior to corner lots in exposure since they have frontage and visibility from only one street. A flag lot is inferior to interior lots, since it has only a small amount of frontage with limited or no visibility. A land locked parcel has the least exposure since it has no frontage and, most likely, no visibility.

Another important consideration in the analysis of a site is the utility the site will permit in development. The major considerations in a site's utility are size, depth, shape and slope.

Approved development plans add value to land because of the amount of time and expense to get the plans through the approval process.

**Adjustment Grid**  
(in dollars)

Land Comparable	Price Per Sq. Ft	Listing Discount	Condition of Sale	Location	Exposure	Utility	Approved Plan	Adj. Price Per Sq. Ft.
1.	28.47	-	-	(5.00)	(2.50)	-	-	20.97
2.	10.02	-	5.00	-	2.50	-	-	17.52
3.	37.04	-	-	(5.00)	-	-	(10.00)	22.04
4.	28.57	-	-	-	-	-	-	28.57
5.	13.85	(2.77)	-	5.00	-	5.00	-	21.08



Land Comparable 1 is situated on a superior commercial corner at the intersection of two primary streets. This property is adjacent to commercial development to the south and east. Negative adjustments have been applied for location and corner exposure. Due to its recent date of sale this comparable has been given strong consideration.

Land Comparable 2 is an interior commercial parcel located southwest of the subject. The immediate area has undergone redevelopment with many new retail outlets in the area. This property was sold with a 20 year restriction prohibiting food sales. Therefore, a positive adjustment has been applied for condition of sale. This comparable also offers inferior interior street exposure. This comparable has been given supportive consideration.

Land Comparable 3 is located along a commercial portion of Figueroa adjacent to residential development. Adjustments are required for superior location and approved plans for a senior housing development which were in place at the time of sale. This comparable has been given supportive consideration.

Land Comparable 4 is an older sale of a similar sized parcel north of the subject on Wilmington in the adjacent community of Watts. It appears the buyer was motivated by the specific location of this site for use as a charter school. This comparable has been given least consideration.

Land Comparable 5 is a current listing. Originally listed for \$800,000 the price has been reduced to \$699,000. The broker reports no inquiries regarding this listing. Located further from freeway access and newer commercial development this comparable is inferior to the subject in location. An adjustment has also been applied for this L-shaped parcel's inferior utility. This comparable was given supportive consideration.

Based on our analysis of the adjusted prices of the comparables presented, it is our opinion the subject's land value, per square foot, is as follows:

52,823 square feet @ \$21.00 = \$1,109,283 or \$1,100,000 rounded





## VALUE CONCLUSIONS

The value estimate of the Sales Comparison Approach was based upon sales in the open market of similar properties. The quantity and quality of the market data transactions are considered adequate and the required adjustments or analysis were reasonable for the purpose of formulating a value estimate. The appeal of this approach is its objectivity, since the value estimate is derived from a consensus of buyers and sellers as indicated by recent sales prices.

Based on our investigation, together with the data and analysis contained in the accompanying report, the hypothetical fee simple market value of the subject property on May 24, 2012 was One Million One Hundred Thousand Dollars.

**\$1,100,000.00**

## INFORMATION ON OUR COMPANY

BTI Appraisal specializes in valuations of real estate, businesses, intangible assets, machinery and equipment and financial analysis. Since 1974, we have performed extensive appraisals, valuations, inspections and research projects for virtually every need including sales, loans, insurance, corporate, legal, I.R.S. and S.E.C. requirements, eminent domain, feasibility and market studies, recapitalizations, ESOTs, economic damages and government requirements. Our clients include law firms and insurance companies, as well as lenders, corporations and governmental agencies. Various staff members normally contribute to a report to meet specialized requirements. This group of experienced professionals provides a broad range of in-depth coverage for a great diversity of project needs.

The firm is managed by Ben F. Tunnell III, Chairman. His previous background includes eight years with First Interstate Bank of California as Vice President at their Corporate Headquarters in Los Angeles. Mr. Tunnell received a BA degree in Economics from Claremont McKenna College and attended post-graduate courses at UCLA and the American Institute of Banking where he also lectured. He has served on the Board of Arbitrators for both the American Arbitration Association and the Better Business Bureau, and was previously a Registered Investment Advisor and a Broker/Dealer with the Securities and Exchange Commission as well as a licensed California Real Estate Broker. Mr. Tunnell is a Certified General Real Estate Appraiser in the State of California, license #AG006964, in the State of Arizona, license #31404, in the State of Nevada, license #A.0006873-CG, in the State of Utah, license #6668164-CG00 and in the State of Colorado, license #100021237. He is also an ASA, the senior designation of the American Society of Appraisers, in Business Valuation and is a member of the Institute of Business Appraisers. Mr. Tunnell is also a member of the International Right of Way Association. He has qualified and testified in Federal and Superior courts as well as arbitration proceedings as an expert witness in the areas of economic analysis, business, equipment and real estate appraisals.

Mr. John J. Griffey, President is a Certified General Real Estate Appraiser #AG011138 in the State of California. He has been involved with all types of real estate project appraisals and analysis since 1992. His financial background includes nine years of management experience with Glendale Federal Bank. He is a graduate of the University of Illinois with a BS in communications and is an Associate Member of the Appraisal Institute.

## REPRESENTATIVE BTI APPRAISAL CLIENT LIST

### Attorneys

Clausen Miller  
Cozen O'Connor  
DLA Piper Rudnick  
Gibson, Dunn & Crutcher  
Hunt, Ortmann, Palffy, Nieves, Lubka, Darling  
& Mah, Inc.  
Koeller, Nebeker, Carlson & Haluck  
Lewis, Brisbois, Bisgaard & Smith  
Marrone, Robinson, Frederick & Foster  
Morris, Polich & Purdy  
Murchison & Cumming LLP  
O'Melveny & Myers  
Ord & Norman  
Reed Smith  
Robie & Matthai  
Robins, Kaplan, Miller & Ciresi, LLP  
Robinson & Wood, Inc.  
Sabaitis & O'Callaghan, LLP

### Government Agencies

Caltrans  
City of Alhambra  
City of Anaheim  
City of Burbank  
City of Downey  
City of Glendale  
City of Goodyear, AZ  
City of La Puente  
City of Los Angeles  
City of Murrieta  
City of Redlands  
City of Riverside  
City of South El Monte  
City of Torrance  
County of San Bernardino  
Internal Revenue Service  
Los Angeles County Office of Education  
Los Angeles Housing Authority  
Metropolitan Transit Authority  
State of California Department of Housing  
& Community Development  
State of California Department of Justice  
U.S. Department of Army

### Corporations and Institutions

Boy Scouts of America  
California Ironworkers Union  
Charles Drew University  
Kaiser Health Plan Asset Management, Inc.  
L.A. County Museum of Art  
Pacific Charter School Development  
RBC Capital  
Sears Holdings Management Corporation  
Sprint  
Stone & Youngberg  
The Annenberg Foundation  
University of Southern California  
Verizon

### Financial Institutions

American Premier Bank  
Bessemer Trust  
Celtic Bank  
First Commercial Bank  
Franklin Templeton Bank & Trust  
J.P. Morgan Chase Bank  
Merchants Bank of California  
Pacific Alliance Bank  
Popular Community Bank  
Union Bank of California

### Insurance Companies

Allstate Insurance  
Capital Insurance Group  
Chartis  
Farmers Insurance  
Fireman's Fund Insurance  
Great American Insurance  
Hartford Insurance  
Hawkeye Security Insurance  
Mercury Insurance  
Pacific Specialty Insurance  
Safeco Insurance  
Scottsdale Insurance Company  
State Farm Insurance  
Travelers Insurance  
21st Century Insurance  
Zurich Insurance





## CERTIFICATION

We, Ben F. Tunnell III and John J. Griffey, certify that, to the best of our knowledge and belief, the statements of fact contained in this report are true and correct. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial and unbiased professional analyses, opinions and conclusions.

We have no present or prospective interest in the property that is the subject of this report and no personal interest or bias with respect to the parties involved. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformance with the standards and reporting requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

As of the date of this report, I, John J. Griffey, have not completed the current Standards and Ethics Education Requirement of the Appraisal Institute for Associate Members. John J. Griffey has previously completed this education requirement, but not for the current cycle, which can be completed anytime from 7/1/2010 to 6/30/2015.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. Unless otherwise noted in writing, the appraiser has done similar assignments to the subject and has the knowledge and experience to complete this assignment competently.

John J. Griffey has made a personal inspection of the property that is the subject of this report. Ben F. Tunnell III has not made a personal inspection of the property that is the subject of this report.

No one provided significant professional assistance to the persons signing this report. The preceding certification is cited from the Uniform Standards of Professional Appraisal Practice Standard Rule 2-3, 2012-2013 Edition @ The Appraisal Foundation.

We have not performed any professional services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.



Ben F. Tunnell III

Chairman

Certified General Real Estate Appraiser

#AG006964



John J. Griffey

President

Certified General Real Estate Appraiser

#AG011138

## **ENGAGEMENT LETTER ADDENDUM**





**COMMUNITY DEVELOPMENT COMMISSION**  
**of the County of Los Angeles**

2 Coral Circle • Monterey Park, CA 91755  
323.890.7001 • TTY: 323.838.7449 • [www.lacdc.org](http://www.lacdc.org)



Gloria Molina  
Mark Ridley-Thomas  
Zev Yaroslavsky  
Don Knabe  
Michael D. Antonovich  
Commissioners

**Sean Rogan**  
Executive Director

May 22, 2012

Ben F. Tunnell III, Chairman  
BTI Appraisal  
605 W. Olympic Blvd., Suite 820  
Los Angeles, CA 90015

**Subject: Appraisal of Site Located at Wilmington Ave/Bandera Ave/118<sup>th</sup> St,  
Los Angeles**

Dear Mr. Tunnell:

This letter engages your firm to conduct the **FAIR MARKET VALUE** appraisal and prepare the summary narrative appraisal report for the above-referenced site (description attached) in accordance with the Contract commencing June 1, 2012. The appraisal assignment is to value the fee simple interest in the site taken as a whole. The site is improved with one structure, but the appraisal should assume vacant land on a site-wide basis.

Please contact Matt Lust at (323) 890-7203 to schedule the site visit.

Conduct of the appraisal assignment must conform to the following terms and conditions:

1. Conduct of the analysis and preparation of the report must conform to applicable USPAP Standards and must meet URA standards at 49 CFR 24.103. In addition to other requirements, 49 CFR 24.103 mandates a **five year sales history** be provided.
2. Indicate that the purpose of the assignment is to provide independent valuation information in support of the determination of the fair market value of the site.
3. Include the following statements in the transmittal letter:
  - a) "The market value of the subject site is not based upon a request for a specific market value."



- b) "The report presented herein conforms to the *Uniform Standards of Professional Appraisal Practice (USPAP)*, issued by the Appraisal Foundation."
4. We are particularly interested in your complete development of comparable information and your discussion of the adjustments made to those comparables in determining your independent conclusions pertaining to the subject site.
  5. We require a discussion of the three approaches to value and why one approach was selected as the best method of determining value.
  6. Prepare two original copies of the narrative appraisal report and one electronic copy of the report. Please email the electronic copy to [matt.lust@lacdc.org](mailto:matt.lust@lacdc.org), or it can be included on a CD-ROM with the hard copies of the report.
  7. Submit the report to the Commission **no later than Tuesday, June 5, 2012** (to be delivered to the Commission's premises no later than 4:00 PM). The report is to be delivered to:

Matt Lust, Project Manager  
Community Development Commission  
of the County of Los Angeles  
2 Coral Circle  
Monterey Park, California 91755

8. Submit a bill to Mr. Lust's attention at the above address upon completion of the assignment, **in a total amount not to exceed \$3,250 (Three Thousand Two Hundred and Fifty Dollars)**.
9. Time is of the essence and your compensation is partially based upon meeting the above report submission deadline.

If you have any questions regarding this engagement, please feel free to contact Matt Lust at (323) 890-7203, or [matt.lust@lacdc.org](mailto:matt.lust@lacdc.org).

Sincerely,

  
CORDÉ D. CARRILLO, Director  
Housing and Economic Development

Attachment

## Wilmington/Bandera/118<sup>th</sup> Street Site

CDC Properties (Red)		WLCAC Properties (Green)
6149-016-033	6149-016-900	6149-016-031
6149-016-911	6149-016-901	6149-016-007
6149-016-903	6149-016-910	
6149-016-902	6149-016-909	
6149-016-904	6149-016-908	
6149-016-906	6149-016-907	
6149-016-905		

Site Map



